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THE SUMMER OF 1987

The summer of 1987 was unusually hot. To the Reagan White House it must have also seemed unusually long, for the Administration's basic competence in the conduct of foreign policy was on public trial, day after day, on national television.

Hearings of the House and Senate select committees began on May 5 to investigate the secret arms sales to Iran and the diversion of profits from those sales to the Nicaraguan contras. At first the proceedings were little more than a dull exercise in detective work. Suddenly, with the appearance of Lieutenant Colonel Oliver North from July 7 to 14, there came a new air of courtroom drama. Public attention was galvanized—and polarized—by North's defense of his own actions and by his challenges to the committees.

North did little, however, to clear up the basic question of what the president knew. It was left to a subsequent witness, Rear Admiral John Poindexter, the former national security adviser, to address this: he testified that he had not briefed President Reagan about the diversion of profits to the contras, and the fateful question seemed laid to rest. But then the testimony of Secretary of State George Shultz raised still broader questions about the formulation and conduct of the Iran policy by the Reagan Administration, the practice of covert operations, the constitutional balance between the executive and legislative branches in foreign policy, and the outlook for a weakened presidency that still had 18 months left in which to govern.

The hearings—at times a sharp and heated dispute between witnesses and the committees—started narrowly, as an inquiry into the procedures followed in the conduct of two covert actions involving Iran and Nicaragua. In the mid-1970s the Congress had passed legislation (the Hughes-Ryan Act) requiring a presidential "finding" that each covert action was in the national interest; Congress was to be informed in a "timely" manner. At that time, the prevailing wisdom was that the risks of undertaking covert actions could be lessened by these congressional limits on the executive. The Iran-contra affair obviously challenged this assumption. It demonstrated that a determined administration could and did conduct a secret policy for over a year without any congressional involvement. The hearings thus left Congress to ponder how it could rees-

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tablish its controls over covert policies. For his part, President Reagan issued new and tighter guidelines on reporting of covert actions.

Nevertheless, one possibility that the hearings raised was to make the president's staff more accountable for their actions. Since the National Security Act was passed in 1947, the White House staff has grown in importance and power, especially since the Kennedy Administration; it nevertheless remained shielded from congressional oversight by custom and by the doctrine of executive privilege. The NSC staff, however, was never thought to be an operational arm, though in the tradition of Colonel House and Harry Hopkins, this option was always implicit, as far as presidential diplomacy was concerned. What happened in the Reagan Administration was quite different: the NSC staff took operational control of a major project, the sale of arms to Iran, with general presidential approval. This was unprecedented.

Ever since the affair was exposed it was apparent that both the secretary of state and the secretary of defense had opposed the Iran initiative. Thus, the question was: How could such an unprecedented situation develop? How could the NSC staff conduct a clandestine operation over the objections of the two senior cabinet officers? An earlier inquiry into the Iran-contra affair, the Tower Commission, had concluded last February that the NSC policymaking system was still sound, but had not been properly used in the Reagan years. When he testified before the select committees, however, Secretary Shultz took issue with this conclusion, arguing in blunt terms that the NSC system itself was faulty, that its staff had amassed too much power in the policy formulation process, and that the line between intelligence analysis and policy advice had been breached too often by the CIA and its director, the late William Casey. These were serious charges, which deserve a thoughtful examination after the furor of the hearings finally ends.

It took an outside observer, Lou Cannon of *The Washington Post*, to define the core of the problem more sharply. "When historians assess the decline and fall of President Reagan's credibility," he wrote, "they are likely to find that the Iran-contra affair was a disaster rooted in obsessive presidential preoccupation with secrecy."

Both Admiral Poindexter and Colonel North justified this obsessive secrecy by citing their distrust of the Congress. Both officials, however, also asserted a virtually unobstructed presi-

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dential mandate to direct foreign policy, deriving from the Constitution and 200 years of practice. Despite the president's word to the contrary, they claimed that their own actions had been fully in accord with that mandate. Colonel North stated: "I believed, from the moment I was engaged in this activity in 1984, that this was in furtherance of the foreign policy established by the president."

A body of legal opinion supports the view, as expressed in the Supreme Court's Curtiss-Wright decision of 1936, that the president is the "sole organ of the federal government in the field of international relations." Congress has never been content with this interpretation, and for the past 20 years, the struggle over these powers has intensified. Vietnam was the catalyst, and the debate was aggravated by Watergate. The congressional role has increased accordingly, through such legislation as the War Powers Act of 1973 and the Hughes-Ryan Act of 1974. The Iran-contra hearings could thus be seen as one more round in the 200-year-old contest that began when President Washington submitted the Jay treaty with Great Britain to the Senate, but refused to submit the private papers from John Jay's negotiations.

Today all but the most diehard advocates of legislative responsibility would concede that the Congress has repeatedly demonstrated a structural inability to manage foreign policy; the changing Boland amendments limiting aid to the Nicaraguan contras are a glaring case in point. Nevertheless the hearings seem likely to provoke additional congressional limitations on presidential powers, not just because the Congress was excluded from the policymaking process, but because it was misled and misinformed as it attempted to perform the duties already assigned to it. The committees' co-chairman, Congressman Lee Hamilton (D-Ind.) delivered a powerful statement to Colonel North at the conclusion of North's testimony:

> You acknowledge that you were "erroneous, misleading, evasive and wrong" in your testimony to the Congress. I appreciate, sir, that honesty can be hard in the conduct of government. But I am impressed that policy was driven by a series of lies—lies to the Iranians, lies to the Central Intelligence Agency, lies to the attorney general, lies to our friends and allies, lies to the Congress and lies to the American people.

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II

The hearings gave the American public an unprecedented opportunity to examine the inner workings of the policy process. Rarely has there been such a detailed public exposure of policymaking within the executive branch. The president made a deliberate decision not to withhold documents from the committees, even policy documents of the type that previous presidents had fought to protect; it was also clear that all of his subordinates were free to testify about their own advice to him and to report presidential conversations and meetings. Both Secretary of State Shultz and Defense Secretary Caspar Weinberger felt compelled to warn that such a sweeping exposure could not be a precedent. Yet the precedent was established, and therein may lie a source of future conflict between the Congress and the White House.

Although new colorful detail emerged, the main conclusions still seemed to be those reached by the Tower Commission: namely, that this Administration's faulty process—the lack of a clear and organized system for making policy—significantly increased the opportunity for misjudgments and errors. The testimony of the senior officials confirmed this somber evaluation; they told of an increasingly chaotic process, in which senior cabinet officers were overruled and then deceived, and of how, in the end, NSC officials chose to exclude the president himself from their confidences.

Even if the procedures had been more meticulous, the real issue was the policy itself. "Two policies brought us here," said Representative Hamilton, "the arms sales to Iran and the diversion of funds from those sales to the contras. The first began with a document the president forgot and you [Poindexter] considered inoperative. The second began without the president's knowledge."

It was also the burden of Secretary Shultz's remarks that the Iran policy, no matter how well conceived as a broad strategic initiative, became nothing more than a swap of arms for hostages, just the step that President Reagan argued he would never take. And the hearings as a whole reinforced this conclusion. It was the president's compassion for the hostages that seemed to drive him again and again back to one more effort to free them through the opening to Iran. This made him vulnerable to strong advocates of covert programs, who became mesmerized by the means and lost sight of the ends.

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Students of decision-making would do well to analyze the crucial period between early December 1985 and mid-January 1986. Despite advice to the contrary from both the secretary of state and the secretary of defense, and despite the similarly negative view of Robert McFarlane, Poindexter's predecessor as national security adviser, the president signed the decisive document that authorized the direct sales of American arms to Iran. As Secretary Shultz commented, this happened during a traumatic period and, indeed, during a battle within the highest policymaking circles of government. But whatever the explanation, the result was severe damage to the presidency and to American foreign policy.

The summer of 1987 seemed to be a premature prelude to the election process that engulfs the United States every four years. But this time there were many who welcomed the prospect. A veteran of countless battles and campaigns, James Reston, commented in *The New York Times*: "One thing the Iran-contra hearings have demonstrated is that this country needs a presidential election." The long hot summer is leading to a long and heated fall and winter, until in Iowa and New Hampshire the American people will begin to pronounce their verdict on the last eight years, and expectations for the next four.

III

In a summer filled with talk of "ultimate ironies," the effect of the investigations on the actual policy toward the contras and Iran was surely ironic. At the beginning of the summer it had been a nearly unanimous opinion among Washington observers that the cause of the contras was all but dead in the Congress. Then opinion began to turn, but after the signing of a peace plan in Guatemala, the situation was even more confused.

If the contra issue took an ironic turn, consider events in the Persian Gulf. In the hearings the Administration was under attack for its clandestine arms sales to Iran, but as the hearings proceeded the U.S. Navy was assembling a formidable armada to protect Kuwaiti shipping in the Gulf against Iranian attacks. As the hearings aired the question of congressional controls over foreign policy, in the halls of the same Congress a fierce debate broke out over the reflagging policy. Even though there seemed to be a consensus that there was a clear American interest in keeping open the shipping lines through the Gulf,

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the Administration's chosen formula of putting the American flag on Kuwaiti tankers and providing them with naval escorts was challenged. Despite efforts in the Congress to block the White House and to apply the War Powers legislation, after several weeks of debate and parliamentary maneuvering Congress failed to take action.

On July 21 the first reflagged Kuwaiti vessels set sail under American escort for the Persian Gulf. The United States was on a collision course with Iran, less than a year after trying to placate that country through arms sales and secret diplomacy. The nagging question was whether the covert Iran initiative could have worked, had it been handled more skillfully and professionally, or whether it was, as critics charged, a less than clever deception all along.

This will be debated long after the hearings have ended and the final reports are delivered. Yet as summer ended it seemed that the most important event in the Reagan Administration's final months might turn out to be a third Reagan-Gorbachev meeting and a new arms control agreement, which could overshadow even the damage done by the Iran-contra scandal.

If there is a summit meeting this fall, it will occur near the 25th anniversary of one of the most dramatic and dangerous international confrontations in American history: the Cuban missile crisis. In the spring of 1987 a group of scholars at Harvard invited some of the major participants in the crisis to reassemble to refresh their recollections and comment on the lessons learned. An analysis appears in this issue of *Foreign Affairs*. The lessons drawn by Robert Kennedy at the time remain apt today: successful policymaking in a crisis requires three deliberate and parallel stages: careful consideration of alternatives, sober weighing of risks, and meticulous management of the events as they unfold.

Conduct along those lines is no guarantee against failure, but the disregard of such lessons, as manifested by the Iran-contra affair, leads inevitably to disaster.

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William G. Hyland

REAGAN-GORBACHEV III

Ronald Reagan and Mikhail Gorbachev seem to be moving warily toward their third meeting. Both leaders have an incentive for another summit: they both face major internal problems, and both need a visible success in foreign policy. Even though their motives differ, the two leaders have a common interest in keeping the arms control process alive. Yet they approach another summit from quite different positions. Gorbachev is still in the early phase of what may be an extended period of power as the Soviet leader. President Reagan is looking toward the end of his tenure. Unlike Reykjavik, this summit is being prepared slowly, with considerable maneuvering over the likely centerpiece—an arms control agreement eliminating intermediate-range ballistic missiles as well as cruise missiles in Europe and the U.S.S.R.

When the Reagan Administration took office, the outlook for East-West relations was gloomy in the aftermath of the Soviet invasion of Afghanistan. It would have seemed fantastic to foresee three summit meetings and an important arms control agreement. Seven years ago, the era of détente was at an end, and there were major uncertainties as to what might follow. Many feared a new series of confrontations, a breakdown of arms control and an intensification of strategic arms competition. In the early 1980s American policy seemed geared to these expectations.

Despite such apprehensions, Soviet policy was increasingly constrained in this period. Moscow was generally passive in a series of regional crises, and was unable to block the deployment of American missiles in Europe. By late 1984, rather than confronting the Reagan Administration, Moscow was seeking to negotiate with it on arms control. Although this Soviet turnabout preceded Gorbachev, it was the new Soviet leader who exploited it vigorously, agreeing not only to the first get-acquainted summit in Geneva, but hustling for the second encounter at Reykjavik.

The beginning of the Gorbachev regime coincided with the

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high tide of the Reagan Administration. By 1984–85 much of the original Reagan defense program had been achieved. The Soviets had been brought back to the negotiating table under conditions favorable to the United States. The Administration could and did claim that it engaged in East-West diplomacy from a position of strength. In this light the Geneva summit of November 1985 was interpreted as a vindication of Administration policy.

After this first meeting, however, relations did not take a turn for the better. The deadlock that had been implicit in the two sides' arms control positions, especially over the Strategic Defense Initiative (SDI), became explicit at Reykjavik. What had appeared to be a strategic opportunity for a superpower breakthrough suddenly looked doubtful. For a time after Reykjavik it seemed that the Kremlin might decide to wait out the Reagan Administration. But then, in February 1987, Gorbachev took the initiative to revive the arms control negotiations. By midyear the near-term prospects for Soviet-American relations had improved.

II

Soviet policy has been relatively constrained during President Reagan's years in office—in part because of the prolonged leadership crisis in the Kremlin. Almost four years passed between the final year of Brezhnev's tenure and Gorbachev's accession to office in March 1985. This period was also marked by crises for Moscow: in Afghanistan the war escalated, and in Poland the very essence of communist power—the party's supremacy—was severely challenged. Soviet economic troubles worsened, and Soviet society was suffering from a widespread malaise, as Gorbachev now acknowledges.

This combination of factors led to an assumption in the West that Gorbachev would pursue a conciliatory foreign policy to gain time to concentrate on his internal problems. After taking office he suggested as much himself in various public statements and interviews. The reorganization of his foreign policy/national security apparatus also suggested that he would conduct a more sophisticated policy. A new flexibility seemed confirmed by a loosening of several Soviet positions toward China, Japan, Western Europe, Israel, and, eventually, the United States. Much of the change was stylistic. But some observers detected in the "new thinking" the seeds of more significant changes,

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especially regarding the nature of East-West security and the extent of Soviet involvement in the Third World.

Gorbachev has adopted a basically defensive strategy, rather than the aggressive one feared in 1980, but his tactics include a number of interesting innovations and initiatives. He is making a determined bid to establish a major Soviet presence in the Persian Gulf, where he aspires to be an honest broker between Iran and Iraq. His main effort is to reduce the "encirclement" of the Soviet Union by developing openings to the regions on its periphery, especially China and Japan. Unlike his predecessors, he is apparently prepared to make some concessions to both countries, including a withdrawal of some Soviet troops along the Chinese border.

Gorbachev has apparently concluded that the quest for genuine strategic superiority over the United States is futile and, consequently, he appears ready to settle for a prolonged strategic stalemate. But in the process he must be able to guarantee that the United States accepts the same premises; and this leads him to arms control agreements as a means for codifying his assumptions about security and the nuclear relationship. Of course Gorbachev also assumes that in the process of working out a new superpower relationship he can cause or encourage the retraction of the American presence in Europe, and perhaps in Asia as well. Here, too, he has offered concessions (e.g., the zero option, eliminating all of the SS-20 missiles from the Soviet force).

Under Gorbachev the Soviet Union is likely to be more prudent in the risks and responsibilities it undertakes in the Third World. This reflects a new and more modest evaluation of the prospects for the Soviet Union. It also suggests that Gorbachev does not accept the proposition that the contest with the West can be decided in the Third World. Indeed, he apparently believes the effort to gain a clear victory is too burdensome for the potential risks and gains.

Gorbachev seems to recognize that the Soviet Union's global position has weakened over the last decade. The Soviet state is now forced to play the role of a more conventional world power. It no longer leads a revolution, it no longer offers ideological inspiration to the world, it no longer poses as the model for economic development.

Moscow is still the master of an East European empire, but another of those empires that is decaying from the virus of diversity and democracy. Champions of a universalist doctrine

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are poor imperialists—precisely because empires tend to find them wanting. The British had the wit to devise the Commonwealth; the Soviets have only the threat of intervention. The rise of Solidarity in Poland was a watershed for the Soviet empire; its further decline is only a matter of time. In this sense the lands behind the old Iron Curtain have become the new Sick Man of Europe, where the danger of a future war may be greatest.

It is possible to see in Gorbachev's changes nothing more than shifts in tactics. It can even be argued that the wily old Gromyko would have arrived at similar conclusions about the position of the Soviet Union, but without resorting to Gorbachev's novel rhetoric. A more persuasive analysis, however, is that Gorbachev views foreign policy in much the same way he sees his domestic situation. That is, he still believes in the basic system but recognizes that radical changes are in order, and that this will involve paying a price in the near term to achieve longer-term aims. Thus he is introducing innovative elements into current Soviet foreign policies which are beginning to outweigh the elements of continuity.

In sum, the accession of Mikhail Gorbachev to the leadership of the Communist Party of the Soviet Union marks the beginning of a new historical period. The transition from Brezhnev to Gorbachev is a genuine generational change, unlike the transfer of power from Khrushchev to Brezhnev in 1964. Gorbachev is the first post-revolutionary Soviet leader; he was born 14 years after the October Revolution. Indeed, he is a postwar leader—he was only ten at the time of Hitler's invasion. But as the product and inheritor of a huge bureaucratic system, Gorbachev's freedom of action is limited. The Soviet system can be reformed, but not drastically or quickly. Yet the domestic crisis in the Soviet Union cries out for just that—radical and urgent change.

This is Gorbachev's dilemma. His only hope of pulling the Soviet Union out of the stagnation of the Brezhnev era is to strike hard at the system and continue the pressures for change. This is producing opposition at all levels, even in the Politburo, and thus his strategy puts his political survival at risk. He has even acknowledged this, but he will probably persist with his reform program. At some point, say within the next two to four years, he will probably face an internal crisis. If he prevails, he may well change the Soviet Union profoundly; if he fails, he may lose power. If he senses that he is failing and struggles

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to survive, it could be a dangerous period for the United States, as the temptation to compensate for internal failures with foreign adventures may prove irresistible.

The Soviet Union will not simply acquiesce in the disintegration of its world power position. Gorbachev was not enthroned to preside over the dismantling of the Soviet empire. Quite the contrary: many observers already detect a revival of Russian nationalism, which also poses dangers for the states on the periphery of the Soviet state. A nationalist policy might seek greater influence, even physical domination.

Even though the global position of the Soviet Union has weakened, a revival under Gorbachev is quite possible, albeit probably not in the near term. In any case, Gorbachev will give priority to domestic policy; his clear preference is to buy some time in foreign policy. Thus the overall combination of circumstances suggests that it is a time of unusual opportunity for American policy.

Whatever the outcome of a third Gorbachev-Reagan round of summitry, Gorbachev represents a force for change in the Soviet Union. But it is important to note that the struggle between the two superpowers has also been changing—quite significantly—since the Afghan invasion. The changes have affected the nuclear as well as the political relationship.

III

The danger of war has receded. Both powers seem to have arrived at roughly the same conclusion: that achieving a clear nuclear superiority is no longer possible. This explains why Reagan and Gorbachev could agree that "nuclear war cannot be won and must never be fought," the epigram accepted in the Geneva summit communiqué. While it is easy to dismiss the statement as mere rhetoric, it represents a shift from a decade or so ago, when Soviet doctrine allowed for "victory" in nuclear war. Moreover, in other respects the Soviets have been gradually de-emphasizing nuclear forces in favor of a new buildup of conventional forces.

The global balance of forces works against war between the United States and the Soviet Union. The collapse of the Sino-Soviet alliance and the growth of Sino-American ties have fundamentally altered the strategic position of the Soviet Union. All of the major powers are aligned against the U.S.S.R. Moscow is confronted by the probability of a two- or three-front war. The Soviet leaders can no longer expect that the

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outcome of a major war would be advantageous, and this is reflected in adjustments in Soviet military doctrine.

Peace is by no means guaranteed, but it seems more likely to endure now than 20 or 30 years ago when there were frequent Soviet-American crises. Most strategists believe that a Soviet-American war as a consequence of a deliberate choice is now only a marginal possibility. But war through inadvertence is still possible. The specter of Pearl Harbor has been replaced by the specter of Sarajevo.

The geopolitical conflict has also changed. There is little left of the ideological crusade of the early American policy of containment. The conflict has increasingly taken on the character of a struggle for power and influence along more traditional lines. Ideological conflicts brook no compromises, but power and interests are negotiable commodities; they can be limited in mutually acceptable ways. This is the essence of international politics. The change from an ideological struggle to a conflict of interests explains much about the recent history of Soviet-American relations and why clashes can arise, even in sensitive areas, without automatically producing an East-West confrontation.

During a particularly bad period of superpower relations, 1980–85, both sides nevertheless avoided turning a number of regional conflicts and small wars into a confrontation. The United States put small military contingents into Lebanon twice without a Soviet reaction. The United States invaded Grenada and bombed Libya without even a hint of a clash between the United States and the Soviet Union. The British navy sailed unobstructed to fight in the Falklands. Iran and Iraq are fighting a seemingly endless war, and the United States and the Soviet Union have both supported Iraq. Some analysts have concluded that the superpower rivalry is, in fact, moderating.

There is some evidence that the Soviets have become increasingly dissatisfied with the burden of their imperial missions. They seem to be disenchanted with their weaker clients in the Third World and reluctant to undertake new commitments (e.g., in Libya). This attitude could be explained by the Soviet Union's recognition of its unfavorable circumstances, and a conclusion in Moscow that a period of consolidation is required before a new advance.

Some observers, however, believe that more fundamental changes are involved. Recent Soviet behavior may reflect a basic post-Brezhnev reassessment of policy toward the Third

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World that has resulted in a more wary approach, one that is more sensitive to the impact of Soviet behavior on the central relationship with the United States.

The situation in the Third World has become much more complex: there is still the potential for sharp and dangerous East-West conflicts, but such clashes seem less likely than in earlier decades. Under the Reagan Doctrine, Washington has revived a policy of selective containment at the very time when the U.S.S.R. may be adopting a policy of selective commitment. And therein may lie the chance for some moderation of the contest.

No grand settlements are likely at this stage. But for the first time since the era of détente, the two superpowers seem to be carefully testing the possibility of a new relationship in the Third World. It could turn out to be only an interlude before another serious clash—perhaps in the Persian Gulf. But it could also herald the beginning of a slow process of defining less ambitious objectives, and even setting some mutual rules of behavior. The Soviet Union and the United States might agree—tacitly or through negotiations—on the containment of specific Third World conflicts (i.e., Afghanistan, Nicaragua, Iran-Iraq) to prevent them from spreading. And they might agree on a set of more formal procedures for consultations to head off new conflicts.

IV

We are entering the fourth major period in which some progress toward settling our rivalry with the Soviet Union is possible. Since World War II there have been three moments for such progress: after Stalin died in 1953, after the Cuban missile crisis of 1962 and during the 1969–1972 period of détente. Each period yielded some progress, and consequently the conflict has become less volatile. But each period ended in failure. It is this inability to stabilize the relationship that is dangerous and that challenges the current American and Soviet leaderships.

For American policy, Gorbachev is a complicating factor. There is a strong temptation in the United States to "help" him because he presents himself as a liberal reformer—which in fact he may well be. Moreover, a good case can be made, as Andrei Sakharov does, that Gorbachev may be the last best hope, lest a far more ruthless regime take over. But this cannot be a basis for Western policy. Gorbachev may be in power for

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a month, or for decades. He may abandon his reforms and become another Brezhnev, or like Khrushchev challenge the West dangerously as his domestic position weakens. What the West needs to survive these potential twists and turns is a general strategy that recognizes that there indeed are domestic changes under way in the Soviet Union, but tempers that recognition with a hardheaded assertion of Western security requirements. We should help Gorbachev only if we thereby help ourselves.

American policymakers cannot risk waiting for history to transform the conflict with the Soviet Union. In the nuclear era the United States must make some progress toward a settlement, even if only a partial one. This means a greater reliance on politics and diplomacy, and diplomacy that goes beyond the prevailing obsession with arms control.

The first objective for America is to create the circumstances that will make it difficult for the Soviet Union to resume the offensive if and when Gorbachev or his successors have rebuilt Soviet power. In the near term, this approach rests on the assumption that Gorbachev still wants a "breather" in world affairs. But the United States has to be clear about his purposes; he wants to gain time to "reconstruct" Soviet power in all of its dimensions. It is the task of Western strategy to make him pay a price for this interlude—a price that provides for strategic stability and the settlement of regional conflicts.

To deal effectively with the Soviet Union we must realize that much more is involved than developing clever schemes to solve the latest problem. The starting point has to be the clear recognition of the source of strength of our international position—our alliance with Europe and Japan. For some reason we refuse to learn how to live with the undeniable success of American foreign policy since World War II. Despite all the setbacks, failures and outright catastrophes, the Western cause has grown in strength. Few alliances have been more successful than NATO; rarely have major powers so quickly put the animosities of a great conflict behind them. And rarely has one of the victorious powers come to dominate the world to the extent that the United States has. The United States must continue to support and lead a powerful coalition of forces to contain the Soviet Union, but it will have to do so in an era vastly different from the period of the coalition's creation.

We have won the ideological war; we are close to winning the geopolitical contest in the Third World, except for the

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Middle East. We long ago won the economic competition. As James Reston remarked in his final regular column for *The New York Times*: "I think we've won the cold war and don't know it."

Yet there remains a nearly irresistible strain of isolationism in America. This is reflected in the continuing concern in the United States with altering the Atlantic alliance and withdrawing from Europe. We must resist the periodic temptation to tinker with a successful alliance, to play with various forms and types of American involvement. There is nothing more encouraging to the Soviet leaders in their time of troubles than the hope that sooner or later the United States will disengage from Western Europe. The struggle for the mastery of Europe, to paraphrase the British historian A.J.P. Taylor, continues, and will continue as long as the Soviet Union remains one of Europe's great powers. The balance of world power could still be changed by shifts in this vital area. Preserving the European alliance must remain the cornerstone of American policy.

Maintaining an anti-Soviet coalition has become more complicated by our tentative alliance with China; the natural course for Sino-American relations would be to move toward a closer military relationship. But while we cannot grant Moscow a veto over American policy, the American connection to China needs to be handled with extreme care. We have limited mutual interests with China (whether that country "modernizes" or not) beyond the common opposition to Moscow; and the Sino-Soviet relationship will undoubtedly be subject to fluctuations as both the Soviets and Chinese try to moderate their strategic differences. The new generation of Soviet leaders will seek greater flexibility in Sino-Soviet relations. And sooner or later there will be a new generation in power in Beijing that will not have experienced the clashes with Moscow of the 1960s and 1970s. All of this, in turn, will be unsettling for Washington unless we accept the limits to our relations with China.

A successful alliance policy cannot ignore the fact that the industrial democracies will not support a foreign policy that does not include an effort at détente with the Soviet Union. Our Western allies and Japan obviously want both containment and coexistence. This may even be the basis on which the Chinese are prepared to join with the United States. In practice this means that the United States has to engage in negotiations with Moscow, including arms control arrangements, not only

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for the sake of our alliances but because it is also in our own self-interest.

V

Arms control has had a checkered history. Agreements that seemed important have turned out to be ephemeral or misleading, and there have been some deep disillusionments. But time and again the idea of limiting or otherwise controlling nuclear weapons has returned to the forefront of East-West relations. This is not accidental; it simply reflects the imperatives of the nuclear era. Some American administrations have made arms control a centerpiece, others have become engaged more reluctantly. But a pattern seems to have been fixed: East-West relations start with the control of strategic and nuclear arms.

It was certainly not the aim of the Reagan Administration on taking office in 1981 to return arms control to the focal point of East-West relations. At that time the prevailing attitude was that arms control negotiations held little promise unless and until American power had been rebuilt and Soviet behavior had changed. Even though Washington was pressured by its European allies into early negotiations on theater nuclear forces in November 1981, the course of events seemed to bear out Washington's basic pessimism.

The Soviets withdrew from the arms negotiations in 1983, and for over a year after there were no official or formal talks on strategic arms control—a first since such negotiations began in November 1969. In retrospect, however, it was more significant that during this interlude both sides maintained some contact and abided by the constraints of the unratified Strategic Arms Limitation Talks (SALT) agreements and the nuclear threshold test ban. In June 1984 the Administration accepted—to Moscow's surprise—a Soviet proposal to begin talks on preventing the militarization of space; this shrewd tactic undercut the Soviet charge that the United States was responsible for the absence of negotiations, and the Soviets then wriggled out of their own offer. In July the two sides agreed to upgrade the "hot line" between Moscow and Washington. Near the end of the 1984 election campaign the Soviets ostentatiously resumed discussions with the White House in a meeting between Foreign Minister Andrei Gromyko and the president. Shortly after the elections, the United States and the Soviet Union announced a new round of arms control negotiations.

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One reason for this turn was that the United States and its allies had scored a major political triumph with the initial deployment of American missiles in Europe during 1983–84, without splitting the Atlantic alliance. The Soviet Union's failure to stop that deployment was a major setback. The Soviet walkout from Geneva in late 1983 had failed, and new tactics were called for.

In the negotiations that led to the formal resumption of arms control talks in 1985, however, it was the future of President Reagan's Strategic Defense Initiative that occupied the attention of the two powers. The tortured communiqué that announced the new talks referred to stopping an arms race on earth and preventing one in outer space. The new talks had three parts: strategic offense, strategic defense and intermediate-range weapons. For the first time since 1972 the two sides accepted a formal link between offense and defense.

Many observers—including in the White House—concluded that it was SDI that had brought the Soviets back to the bargaining table. This in turn led to the view that SDI was the ultimate bargaining chip, which could ensure the success of strategic arms control. Gradually there emerged what came to be called the "grand compromise": the United States would virtually abandon or significantly restrict SDI in return for a substantial reduction of Soviet offensive forces.

The positions of the two sides began to coincide, reinforcing the belief that there could or would be a grand compromise. Both sides made proposals for major reductions in offensive forces, varying between 30 and 50 percent. At the 1985 Geneva summit Reagan and Gorbachev agreed to work for a 50-percent reduction in strategic forces. The Soviets conditioned their position on prohibiting space-strike weapons and banning all but laboratory or basic research on such weapons. There were occasional hints, however, that the definition of "laboratory" was open to negotiation.

Washington eventually proposed that for a period of five years both sides commit themselves not to withdraw from the Anti-Ballistic Missile Treaty, which prohibits the deployment of the space defense system envisioned in SDI; this would be followed by a two-year interim during which negotiations would take place to determine the future course of deployment, but after which both sides would be free to deploy SDI. The United States' position was that during this seven-year period the ABM treaty would be "broadly" interpreted to allow testing

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and development of space-based components of an SDI system. (At Reykjavik the United States proposed that this interim period for non-withdrawal be extended to ten years.)

The Soviets rejected any automatic right to deploy the SDI system and contested the broad American interpretation of the testing provisions of the ABM treaty. But Moscow more or less agreed to the idea of establishing some interim period for a prohibition on withdrawal from the ABM treaty; this period, Moscow proposed, should be "up to" 15 years.

Meanwhile in the intermediate-range nuclear force negotiations, a compromise began to take shape. During 1986 the Soviets suggested a separate agreement on INF, not conditioned on an agreement on longer-range offensive forces or SDI. The Soviets also finally dropped their insistence on including forward-based U.S. aircraft, and then dropped their proposal to freeze British and French nuclear systems. Shortly before Reykjavik there was widespread speculation that there would be an INF agreement, including the complete elimination of intermediate-range missiles in Europe, while leaving some number of Soviet missiles in Asia and an equivalent number inside the continental United States. The American delegation approached Reykjavik anticipating this outcome.

The debacle at Reykjavik need not be rehearsed again. It is obvious that the more utopian elements discussed there have been put aside. There will be no agreement to eliminate all nuclear weapons or to eliminate all ballistic missiles. What remains, however, is the outline of a three-part agreement: (1) a major reduction (about 50 percent) of strategic offensive weapons; (2) an agreement not to withdraw from the ABM treaty or to deploy SDI for some defined period (say, ten years) and (3) a separate agreement eliminating all American and Soviet land-based intermediate-range missiles (the so-called zero option).

This, then, is what a "grand compromise" might entail. If such a compromise is reached in the next year it could probably only be in the form of a "framework" agreement; only the INF treaty is close to completion. Even if such a framework is agreed upon, the United States and the Soviet Union will continue for at least a decade to operate within the mainstream of arms control and strategic policies that have characterized their relationship since the late 1960s. Both sides will retain large strategic offensive forces, even after reductions of 50 percent. Deterrence will still rest on the certainty of retaliation,

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and there will be no significant defense against strategic attacks. Hence the populations and military targets of both sides will be vulnerable. Significant imbalances in conventional forces will remain in Europe, but there will be a new debate about America's nuclear guarantee of NATO and how to implement it.

Standing alone, unlinked to the other components of arms control, the new INF agreement will be hostage to the outcome of further negotiations, and vulnerable to new military decisions on both sides. It is difficult to imagine an INF agreement surviving the collapse of the ABM treaty and the beginning of SDI competition. This isolation from other points at issue is a major defect of the new agreement.

Reducing or even eliminating a category of weapons cannot in itself be the basis for a durable strategic relationship. An arms control agreement must meet the broad criteria of long-term strategic stability—a formidable task if only because there is no agreement, either in the United States or between the United States and the Soviet Union, on what constitutes stability. It has become far more difficult in light of the revival of strategic defense: creating a durable balance between offense and defense is the very essence of stability.

It is still possible that no arms control agreement will be reached under the Reagan Administration. SDI remains a major issue, and it is not clear that the Soviets have given up an attempt to make the prospective INF agreement conditional on a solution of the SDI dispute, a repeat of the tactic pursued at Reykjavik. But the general trend seems to point toward the completion of a treaty on INF. Its chief benefits are that it moves the process of negotiated arms control forward, and does in fact eliminate, for the first time, an entire category of nuclear weapons.

Even if there is a limited agreement arising from a third Reagan-Gorbachev summit, major policy questions will remain, probably to be addressed by President Reagan's successor. Is it credible for the United States to continue to rely indefinitely on the threat of strategic retaliation to maintain deterrence, even at severely reduced levels of strategic forces? A more immediate question in light of possible agreements on INF concerns the viability of extended deterrence in Europe after the elimination of all American missiles from Europe. Finally, and most critically, have we reached the point that some form of strategic defense is necessary, for strategic, political or

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psychological reasons? If so, is a new offensive-defensive balance possible and desirable in the 1990s? Can it be stable? What would be its content?

VI

The next Reagan-Gorbachev summit looms as a benign version of Reykjavik. It will center on arms control, and thereby confirm the decline of "linkage," of making arms control negotiations or agreements dependent in some degree on progress on political issues, for example, on progress toward an agreement on Afghanistan or Nicaragua, or even the Persian Gulf. This decline in linkage was probably inevitable: as the size and sophistication of nuclear arsenals has grown, intricate Kissingerian strategies of linkage have carried less and less conviction. President Ford did not really link arms control and geopolitical issues despite the Soviet-Cuban intervention in Angola. President Carter invoked linkage only after the invasion of Afghanistan, and Reagan formally abandoned it when he continued arms control talks after the imposition of martial law in Poland; no serious attempt was made to revive it when confronted by summit meetings.

The decoupling of arms control from geopolitical issues is bound to limit American policy, perhaps in a dangerous way. For it remains clear that the chief threats to Soviet-American relations are not only nuclear weapons but regional conflicts as well. The invasion of Afghanistan should have demonstrated the dangers of delinking arms control: President Carter had no choice but to withdraw SALT II after the invasion.

It is also true, however, that it will be difficult to tie arms control to other issues. It takes the power and authority of a strong president to insist on parallel progress on contentious political issues and to resist the pressures to settle for partial agreements. If this trend toward separate arms control agreements is not arrested, new and potentially serious disputes in Soviet-American relations are inevitable. Consider one example: Would the Administration proceed to sign and seek ratification of an INF agreement if MiGs were sent to Nicaragua?

Whether in arms control or regional negotiations, a serious American diplomacy will finally have to decide how to define and deal with legitimate Soviet interests, and how to gain public support for a policy that inevitably involves some American concessions to these interests. Does the Soviet Union have a right to strategic parity, or is this too dangerous a state of

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affairs for the United States? What is the legitimate security interest of the Soviet Union in the areas on its periphery: in Eastern Europe, Afghanistan, China? Does it have an implicit right of intervention in its sphere of influence? If so, does it include intervention with armed forces? Can the United States tolerate such a permanent threat to peace? What of the link between the nature of the internal Soviet regime, which will never be acceptable to the United States, and the content of Soviet foreign policy? Can the two be separated?

These are not academic questions. They remain at the heart of Soviet-American relations.

A viable Soviet-American relationship demands agreements, or at least some process to control nuclear arms and to resolve regional conflicts. The effort to achieve these two aims is bound to be protracted, and will involve reconciling contradictions and finely tuning tactics and strategy. A policy that requires such a consistent and careful management in a democratic society is not doomed to fail, but it is extraordinarily difficult to carry out. Above all, it will have to command the depth of public support necessary to sustain the policy when challenged in the next crisis.

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Jonathan Dean

MILITARY SECURITY IN EUROPE

The spring and summer of 1987 marked the 40th anniversary of the emergence of the cold war—the falling out among the four main Allies after their victory over Nazi Germany—which divided Europe and led to enduring political conflict between East and West.

In the intervening four decades, the NATO-Warsaw Pact military confrontation in Europe has emerged as the largest peacetime military concentration in history. It now comprises over six million men in active-duty military forces on both sides, with an additional four million in organized reserves, over 200 standing ground force divisions, over 100 reserve divisions, 65,000 heavy tanks, 20,000 combat aircraft, over 2,600 naval vessels in the seas bordering Europe, and over 10,000 nuclear warheads for tactical and intermediate-range delivery systems. Adding together the expenditures of both alliances, the European confrontation consumes roughly two-thirds of the world's total annual trillion-dollar expenditures for armed forces.

Over the last couple of decades, much of the ideological steam of the cold war has seeped away. Moscow has lost its monopolistic position as the center of an expanding world network of communist parties, including those of Western Europe. For 30 years, despite persistent effort, the Soviet Union has not been able to convene a comprehensive meeting of these parties.

For the first 20 years of the cold war, the NATO states insisted that any improvement in East-West relations be dependent on progress toward German reunification and other manifestations of Soviet retrenchment in Eastern Europe. In 1975, however, they signed the Helsinki accords acknowledging the postwar boundaries in Eastern Europe and the incorporation

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of former German territory into Poland and the U.S.S.R. In the 1970s, too, West and East Germany concluded a treaty regulating their relations and even providing for consultation on security and arms control issues at the official level. The United States, the United Kingdom and France concluded the quadripartite Berlin agreement with the U.S.S.R.; it assured ground access to and from West Berlin for West Berliners, West Germans and other nonmilitary travelers, and removed the Berlin issue as a source of daily East-West political confrontation.

But there was no accompanying letup in the military confrontation in Europe. Continuing increases in both the nuclear and the conventional firepower of both alliances made the military standoff appear an enduring, nearly permanent feature of the international system.

Now, rather suddenly, during the past two years, wide-ranging shifts in Soviet positions following Mikhail Gorbachev's designation as general secretary of the Soviet Communist Party have raised the possibility of major change.

Prospective U.S.-Soviet arms control agreements are especially prone to derailment through negative developments in East-West relations. But it is likely that a U.S.-Soviet agreement on eliminating intermediate-range nuclear forces (INF) from Europe will be concluded in the near future. In the early months of 1988, a new East-West negotiation to reduce NATO and Warsaw Pact armed forces in the vast area from the Atlantic to the Urals will probably be under way, based on a Soviet proposal of April 1986. A second phase of the European Conference on Confidence- and Security-Building Measures and Disarmament in Europe, called CDE for short, will be launched at the same time. (The first phase of CDE was concluded successfully in Stockholm in September 1986. Initial Warsaw Pact compliance with its provisions for pre-notification of large force movements and invitation of observers to military exercises has been good.)

Conclusion of an INF treaty during the Reagan Administration may well lead to completion of an agreement on reductions of U.S. and Soviet strategic nuclear weapons, though probably in the succeeding American administration. Agreements to eliminate chemical weapons and to restrict nuclear testing are also possible within the next several years. Gorbachev continues to bombard NATO leaders with a surfeit of new arms control proposals, among them bids for the elimination of tactical

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nuclear weapons, for a mutual force restructuring, for nuclear-free corridors in Central Europe, and for discussion by the rival alliances of their military strategies and doctrines.

II

In the West there is considerable confusion among leaders about how to cope with the strongest, most substantive Soviet "peace offensive" of the entire cold war period. For many of them the central issue posed by these developments is whether Western policy should be based on a calculation that the European military confrontation is entering a genuine phase of de-escalation, or alternatively on the belief that recent proposals are chiefly of tactical significance, and that the confrontation will endure at least until there is profound change in the Soviet system itself.

The question of which view is right will be thoroughly debated—and probably unresolved—for a long time to come. Nevertheless, adherents of both views agree that Soviet willingness to make large-scale reductions in conventional forces of the U.S.S.R., as well as of other Warsaw Pact states, is a valid and necessary test of whether a real break in the cold war has come after 40 years.

An evaluation of the prospects for success of the pending Atlantic-to-the-Urals force reduction talks can suggest a preliminary reply to the question of Soviet willingness to make such reductions. To make this evaluation, we will first take a brief look at the potential effects of an INF agreement on European conventional force concentrations, from the viewpoints both of the proponents of an agreement and of its critics, who argue that an INF agreement will considerably worsen NATO's conventional position.

For proponents, the benefits of an INF agreement are clear: it would be the first U.S.-Soviet agreement providing for a significant reduction of nuclear armaments, and the first agreement providing for reduction of some part of the huge NATO-Warsaw Pact confrontation in Europe. It would also improve the East-West political climate and encourage further progress toward agreement on reducing strategic weapons as well as conventional forces.

The terms of trade in an INF agreement of the kind now under discussion are favorable to the West: the U.S.S.R. would be removing nearly a thousand more warheads than the United States. After eliminating the SS-20s and their precursors, the

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SS-4s and SS-5s, the Soviet Union will have about 600 fewer intermediate-range delivery systems than it had in 1979.

NATO countries, given continuing increases in British and French nuclear forces, will have many more intermediate-range nuclear warheads at their disposal than they had in 1979 when the initial NATO decision to deploy INF systems was taken. (Pursuant to that decision, the United States has withdrawn 2,400 short-range warheads from Europe.) Technically superior Western fighter-bombers will be untouched by the planned INF agreement. Sea-launched cruise missiles are gradually being introduced on U.S. Navy surface vessels deployed off European shores. The 400-plus Poseidon submarine-launched warheads assigned to NATO through the Supreme Allied Commander in Europe (SACEUR) will be gradually replaced by more accurate Trident D-5 missiles. Both types of missiles will be capable of hitting military installations in the U.S.S.R. currently targeted by the U.S. Pershing 2 and ground-launched cruise missiles in Europe, which would be eliminated in a U.S.-Soviet agreement on INF.

Whatever political solution is found to the complex question of short-range intermediate nuclear forces (SRINF), those of 500–1,000 kilometer range, it is also likely to improve the NATO-Warsaw Pact balance in this particular category. (It appears likely that the number of Soviet missiles of this range will be reduced to zero.)

Although the verification measures which the Administration has proposed—and which the U.S.S.R. seems likely to accept—will surely be criticized for not removing all uncertainty, they will break new ground in allowing on-site inspection and will be worthwhile, both for this agreement and for application to future arms control agreements.

The surprising flexibility of the Soviet position on INF has been a source of suspicion to arms control critics in the West, who deeply distrust this sudden Soviet generosity after years of very tight-fisted bargaining. But the critics also have an important substantive worry. For many of them, especially the conservative wing of the German Christian Democrats (which represents about a third of West German public opinion on these issues), the real problem of eliminating INFs is not so much the impact such a ban would have on the overall NATO-Warsaw Pact balance in nuclear arms. It is rather the fear that pulling American Pershing 2 and cruise missiles out of Europe could reduce the possibility that an American president would

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decide to use nuclear weapons in the event of conflict on the continent. More accurately, it is the fear that both Soviet and West European leaders might *believe* that an INF agreement would reduce the likelihood of such an American decision. For many critics, such as the much-respected SACEUR General Bernard Rogers, just retired, this risk makes concluding an INF agreement undesirable at present. They would prefer to wait at least until the U.S.S.R. first agreed to sizable reductions of its forward-deployed conventional forces.

The critics believe that, ever since the Soviets achieved parity with the United States in all classes of nuclear weapons, the crucial factor that makes the threat of American nuclear retaliation credible to the Soviet leadership—and to West Europeans as well—has been the deployment in Europe of American nuclear weapons, especially those capable of striking military targets on Soviet territory, such as the Pershing 2 ballistic missile. The use of such American weapons against targets in the U.S.S.R. would be nearly certain to unleash strategic nuclear war between the United States and the U.S.S.R., as Soviet leaders have themselves declared. Consequently, deployment of American nuclear missiles in Europe is considered to "couple," or, better, to "lock," the defense of Europe directly into the U.S. strategic nuclear deterrent, and to guarantee, more than any amount of conventional NATO forces, that Soviet leaders will decide not to attack Western Europe.

This firmly held view is based on two major assumptions. The first is that only "visible" land-based deployment of American nuclear weapons in Europe would really convince Soviet leaders that they risked strategic nuclear war if they decided to attack Western Europe. This assumption has always seemed especially tenuous. The decision of an American president as to whether to respond to an overwhelming Soviet conventional attack on Western Europe—including an attack on the more than 300,000 American troops stationed there—with nuclear weapons would not depend solely on the pattern of deployment of U.S. missiles in Europe.

Rather, such a decision would depend primarily on the president's assessment of the overall situation at the time—especially his assessment of the strategic balance between the two countries, and of whether the Soviet attack on Europe signified an ultimate or immediate intention to attack the United States (as it probably would). The president's decision would also depend on many other factors, including his own

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personality. The presence or absence of land-based American missiles deployed in continental Europe would be a secondary factor in this decision—and, for that matter, in its execution; many other American delivery systems are available for the purpose. As long as the United States maintains a large troop contingent in Europe and maintains rough parity with the Soviet Union in strategic nuclear weapons, prudent Soviet leaders would have to reckon with the possibility that conventional war in Europe could escalate to nuclear war.

The second major assumption of the INF critics is that, were Soviet leaders not deterred from attacking Western Europe by their fear of unleashing total nuclear war, they would either make such an attack as soon as they considered conditions optimal, or would, by implied threats to do so, effectively use their superior conventional strength as a source of political pressure on Western Europe. Given the clear numerical superiority of the Warsaw Pact over NATO in most classes of major conventional armaments, including heavy tanks, self-propelled artillery, attack helicopters and interceptor aircraft, the question is this: Would elimination of American INF weapons increase the possibility of a sudden Soviet attack or a more effective Soviet political intimidation of Western Europe? These possibilities clearly exist. But they require a closer look. The real question is whether the Warsaw Pact's superiority in numbers of major weapons and troop divisions converts to superiority in actual combat.

Whatever the chances were, in NATO's formative period in the early 1950s, of a Soviet attack on Western Europe, the passage of time has deprived the Soviet Union of some important potential assets. Moscow can no longer count on the willing assistance of West European communist parties. Strong and loyal in the 1950s, these parties are now much weakened—and, as in the case of the Italian Communist Party, disaffected from Moscow. And uncertain loyalties of the armed forces of the Eastern European states have converted them from a meager advantage into a probable hindrance in most potential situations of East-West conflict.

The West's main concern remains the possibility of surprise attack by Soviet forces—or, more precisely, of attack with minimum preparation. Yet Soviet capacity for such an attack may not be as great as feared. NATO's expenditures on defense have exceeded those of the Warsaw Pact for more than two decades. While not all these funds have been spent in an optimal

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way, they have not been wasted, and NATO has made many useful improvements in its forces. In the region from the Atlantic to the Urals, active-duty personnel of NATO ground and air forces are just as numerous as those of the Soviet Union and the Warsaw Pact. Exercise after exercise has demonstrated that the Warsaw Pact air forces are incapable of gaining control of NATO airspace against qualitatively superior NATO air forces; this would be essential for successful attack.

The contingency which continues to cause the greatest concern to NATO leaders is that the Soviets, in the hope of securing their objectives before the United States could become fully involved in conventional battle or decide to use nuclear weapons, would launch a minimum-preparation attack against NATO's central front in Germany. The Soviet Union has increased the firepower and mobility of its ground forces in the last two decades. But at least half of the Pact's numerical superiority in units and major armaments is in reserve divisions which take a month or more to ready for combat. There are too few combat-ready Soviet divisions to permit the U.S.S.R. to launch, with any confidence, the feared minimum-preparation attack.

Only 30 combat-ready Soviet divisions in Eastern Europe are positioned for such an attack; probably a third of these would have other essential missions during the initial phases of a minimum-preparation attack against NATO's vital central front. Even if augmented by over half of the East German, Polish and Czechoslovak first-category forces (of uncertain quality and loyalty), the resulting force of some thirty-odd divisions would be no larger in divisional manpower than the U.S., U.K. and West German ground forces in the area.

The Soviet second echelon in the western U.S.S.R. capable of reinforcing a minimum-preparation attack within the first two weeks is also surprisingly small—fewer than ten ground force divisions. Soviet tanks in active-duty forces in central Europe number only about 8,000, not many more than those of active-duty NATO forces, which would moreover have the advantage of defensive positions. The recent landing of a small West German private plane in Red Square, flying unscathed through dense Soviet air defenses, once again raises well-documented doubts about the quality of Soviet forces, less well trained and led than those of the West German Bundeswehr and of U.S. and U.K. forces in Europe. The chances of success of a sudden attack would be slight.

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Other contingencies, such as that of a slow, full mobilization of East and West, are possible. But the outcome of these is also uncertain, in part because the dimensions of the resulting conflict, including the participation of ten or more additional U.S. divisions, would ensure that the engagement would be worldwide in scope and make it all the more likely that it would escalate to nuclear war. Soviet leaders fully realize this.

Finally, it is argued that there may be increased Soviet political pressures on Western Europe in the event of the elimination of some categories of U.S. and Soviet nuclear weapons. In fact, all past Soviet efforts at political intimidation, which have been numerous, have failed because of close cooperation and understanding between the United States and its European allies. Continued maintenance of close political understanding between European and American leaders and of rough U.S. equality with the U.S.S.R. in strategic nuclear weapons, hopefully at reduced levels, remains the essential component for future success in this regard. Soviet leaders appear to have realized that their major squeezes on Berlin in the late 1940s and the late 1950s only added to NATO political cohesion and to a determination to strengthen NATO forces.

III

Most NATO commanders agree that a Soviet attack on Western Europe is improbable. But it cannot be demonstrated that all possibility of a Soviet attack is excluded. Conflict could be ignited by contingencies other than a deliberate attack motivated by a desire for conquest. There is no guarantee that the decisions of Soviet leaders—or of Western leaders—will always be rational.

A still greater assurance against war in Europe would be provided by gradually building down the military confrontation. To be effective in reducing the Warsaw Pact's potential to attack with minimum warning, however, force reductions must also be accompanied by "constraints"; that is, agreed measures that restrict the deployment and activities of military forces—for example, by limiting the size of out-of-garrison force concentrations. Reductions need to be accompanied by intrusive mutual verification. Neither constraints that leave combat capability untouched, nor reductions without constraints, would be adequate in themselves. War could still occur between the rival alliances even if active-duty forces were small and equal, and even if their organized reserves were reduced

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or eliminated. But there would be an important difference in risk and cost between today's military confrontation in Europe and even a modestly reduced and constrained confrontation.

The first and unsuccessful effort to negotiate reductions in NATO and Warsaw Pact forces, the negotiations for Mutual and Balanced Force Reductions, began in Vienna 14 years ago. These talks are now winding down without prospect of success. Soon after the MBFR talks began in late 1973, the Warsaw Pact proposed an across-the-board 15-percent reduction of ground force manpower and major equipment by both alliances. Under circumstances of a perceived equality in manpower and armaments between the forces of the two alliances in central Europe, the Warsaw Pact's reduction approach would have been the logical one. Instead, the negotiations soon became stalemated over the NATO claim that the Soviet bloc had a considerable manpower superiority which should be reduced to an equal ceiling between the two alliances, and the Warsaw Pact's contentions that the ground force manpower of the two alliances was already roughly equal. This is where the talks stand today.

In the last officially exchanged figures, those of 1980, which remain generally valid, NATO counted its ground force manpower in the area of central Europe at just over 744,000, (including 210,000 troops of the U.S. Army), and its air force manpower at just over 198,000. (50,000 French troops deployed in West Germany are not included in official NATO figures.) It counted Warsaw Pact ground force personnel in central Europe at just over 956,000 (including 475,000 Soviet ground force personnel), and Warsaw Pact air force personnel at just over 224,000. But the Pact claimed it had only slightly more than 815,000 ground force personnel, including 423,000 Soviet ground force personnel, and 182,000 air force personnel.

The discrepancy between the NATO and Warsaw Pact figures on Pact forces in Eastern Europe may be caused in part by the deliberate omission by the Pact of certain categories of active-duty personnel from their count. This has already been established through discussion at the negotiating table: some categories of Polish personnel, mainly general-purpose construction units, are excluded. It is also possible that Western figures themselves may not be fully accurate, given that they must be compiled from fragmentary evidence in the face of largely effective Pact efforts over the years to maintain tight secrecy about all aspects of their military forces. In particular, it is

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possible that first-line active-duty Soviet and other Warsaw Pact units in central Europe are manned at lower levels than the 90 percent of full wartime strength with which Western intelligence experts have credited them.

In December 1985 NATO radically changed its approach to the numbers problem in MBFR: instead of insisting on pre-reduction agreement on the starting level of Warsaw Pact military personnel in the central European reduction area, NATO proposed that a small reduction (5,000 U.S. and 11,500 Soviet ground personnel) take place first. After that, the data dispute would be resolved on the basis of on-site inspections of the forces of both alliances.

Soviet negotiators failed to show much interest in this new Western proposal, even to the extent of suggesting fewer on-site inspections than NATO's rather high total of 90—enough to inspect each Soviet division in central Europe three times in the proposed three-year period. Six months later, however, the U.S.S.R. did agree in the Stockholm CDE talks to a far smaller quota of three less stringent on-site inspections per year.

Meanwhile the new Gorbachev leadership was turning its thoughts away from MBFR and toward another and different force reduction conference. Among possible reasons for this Soviet shift were Gorbachev's "new broom" approach to Soviet arms control positions—the Vienna MBFR talks were too moribund to provide new interest for the West European public, which was a major target of the Soviet disarmament campaign. France, which had declined to participate in MBFR—ostensibly because the area of coverage was too small—had proposed that force reductions be negotiated in the CDE context and in the wider Atlantic-to-the-Urals area to include French territory, an area of coverage which the Soviets had already conceded for the CDE agreement. In earlier decades, West Germany and other NATO allies had repeatedly criticized the refusal of the Brezhnev leadership to include the western U.S.S.R., with its large contingent of air force units and reserve ground force units, in the more limited area of coverage of the MBFR talks. Now it was Gorbachev's policy to recognize such criticisms when formulating new Soviet positions.

Let us look more closely at the current Soviet position on force reductions in Europe. In a speech in East Berlin in April 1986, Gorbachev proposed new negotiations for substantial reductions in all components of ground and tactical air forces. These include all the Soviet conventional and tactical nuclear

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armaments stationed in the entire area from the Atlantic to the Urals, more than a thousand kilometers into Soviet territory. Initially reductions would be made in the forces of the NATO and Warsaw Pact alliances. Subsequently the forces of the neutral and nonaligned European states would be covered in reductions. As amplified by the Warsaw Pact Political Consultative Committee at Budapest in June 1986, this proposal foresees that all components of ground forces, conventional armaments, "tactical strike aviation" and tactical nuclear armaments should be covered in agreed reductions. Reductions would be by units, together with their weapons (that is, reductions would focus on combat units), and would be phased on the basis of agreed timetables, to "maintain the present military balance."

The Warsaw Pact proposes that the first reductions should take place within one to two years and should consist of 100,000 to 150,000 men from the forces of each of the two opposing alliances, a reduction roughly corresponding in size to those foreseen in the MBFR negotiations. The second step, to be taken in the early 1990s, would be a further reduction in the forces of both alliances of 25 percent, or a total, according to the Warsaw Pact, of 500,000 men from each alliance. Further reductions of NATO and Warsaw Pact forces would take place later, and this stage would include forces of neutral and nonaligned European countries.

The Warsaw Pact proposal foresees "reliable and effective" verification, to include national technical means and on-site inspections, exchange of data, and an international consultative commission including all participating states. The commission could carry out on-site inspection of reductions and supervise destruction or storage of armaments, and could staff checkpoints at railway junctions, airfields and ports.

This new proposal has proven attractive to influential members of NATO. It addresses the French interest in discussing reduction of armed forces in the second phase of the CDE talks, of which France was an originator. West German officials were especially attracted by the idea of broadening the central European zone of reductions used in the stalemated MBFR talks, to bring France into force reduction negotiations and to extend the area of coverage into the U.S.S.R. The NATO Council signaled its interest in the Pact proposals in the communiqués of its spring and fall 1986 ministerial meetings. In early 1987 preparatory discussion between representatives of NATO and

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the Warsaw Pact began on the margins of the Vienna Helsinki accords review conference. Within a few months of the conclusion of the conference, which may come by the end of 1987, a new East-West force reduction negotiation is likely to begin.

There has been controversy within NATO about the forum for this new negotiation, over the role of the neutrals and over the linkage between the force reduction negotiations and the recurrent Helsinki accords review conferences. Ultimately, East-West agreement will probably be reached to hold the talks between the two alliances, with some method of informing the neutrals and reporting to the review conferences.

As part of the agreement to proceed with new negotiations, the MBFR talks are likely to be closed down by mutual agreement, without recrimination. It would be in the interest of the new negotiations if, in the concluding phase of MBFR, the participants could reach agreement on the troop count issue, perhaps through a more detailed comparison of figures on Warsaw Pact manpower and a limited number of on-site inspections. The MBFR forum could have further value for stabilizing the NATO-Warsaw Pact confrontation if it were converted to an East-West forum with two purposes: reducing risks (dealing, for example, with the numerous border-crossing incidents by aircraft and also by missiles, preventing them from provoking serious miscalculations), and conducting a dialogue on the defense strategies and deployments of both alliances, such as was proposed by the Warsaw Pact in June 1987. If not in MBFR, these functions should be carried out in the framework of the new Atlantic-to-the-Urals negotiations.

IV

What can be expected from these new negotiations? Will their course provide some clear answer to the question of Soviet willingness to make significant force reductions?

Most of the underlying problems that caused the failure of the existing Vienna force reduction talks will also plague future negotiations. The greatest of these difficulties is the reluctance of military commanders and defense officials of both alliances to reduce their forces.

Today there is even more reluctance in NATO governments to contemplate force reductions than there was at the outset of the MBFR talks. Significantly, the possibility of reducing NATO forces is not mentioned in NATO's December 1986 interim reply to the Budapest proposals, which speaks only of eliminat-

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ing Warsaw Pact superiorities in individual force components and thus stabilizing the East-West confrontation.

Most NATO governments, especially those with forces in the area of the most intense East-West confrontation, central Europe, do not think they can afford to reduce their forces, which are already spread very thinly over a fixed geographic defense line. Given the understandable worst-case assumption of most senior NATO officers that the NATO-Warsaw Pact military confrontation will continue indefinitely with only minor changes, they want to improve these forces, not reduce them—particularly now, given intensified worries over the post-INF future of American extended deterrence. In the United States, the Joint Chiefs of Staff fear that negotiated American withdrawals from Europe would lead Congress to mandate a reduced personnel ceiling for the entire U.S. Army.

For its part, the willingness of the Soviet Union to reduce will be strongly influenced by the fact that none of the communist governments of Eastern Europe can sustain themselves without the prop of Soviet military forces inside their countries or on their borders. Consequently, Soviet and Warsaw Pact political and military leaders are highly apprehensive about the political effects of large-scale Soviet troop withdrawals—especially from East Germany—on political stability in Eastern Europe. The Soviet system is very far from making the radical changes that would be necessary before Soviet leaders could seriously contemplate relinquishing their control over Eastern Europe.

While U.S.-Soviet negotiations on reduction of strategic armaments start from a basis of rough equality between the two countries, the second basic problem of the new talks, as it was of MBFR, will be that negotiations on NATO-Warsaw Pact force reductions start from a basis of large Warsaw Pact numerical superiorities over NATO in organized combat units and major armaments. When these Eastern bloc superiorities, somewhat exaggerated in their military significance, are taken literally, gun for gun, for negotiating purposes, they lead NATO to urge Warsaw Pact reductions that are much larger than NATO reductions. Whatever else may be said about it, this approach does not conform to customary traditions of equity and quid pro quo in negotiation.

On the other side, the Soviet and Warsaw Pact reduction approaches reflect the Soviet contention that, when all forces are included and qualitative factors taken into account, there

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is rough equality between NATO and the Warsaw Pact. Consequently, the Pact reduction approach uses the present force balance as the basis for equal-number or equal-percentage reductions, as it did in the MBFR talks.

Thus, there is a very wide gap between NATO's insistence on proportionally larger Warsaw Pact reductions and the Pact's equal-number or equal-percentage reduction approach. In fact, NATO participants will be asking for concessions from the Soviet Union while offering little in return, at least in the military sense. Several important aspects of reductions—the amount and nature of the reductions, the manner of disposal of reduced NATO and Soviet arms, the setting of individual national residual ceilings on Soviet but not on West German forces—will require probable Soviet concessions.

Nevertheless, NATO has learned much from a decade of MBFR disputes with the Warsaw Pact over the number of Soviet bloc forces in Eastern Europe. It seems likely to follow its December 1985 approach of forgoing a prior agreement on starting figures, focusing instead on agreed post-reduction levels of forces and arms. However, continued East-West disputes over numbers seem likely, and there will be a need for data agreement of some kind for most types of stringent constraints. There will also be a requirement for intrusive verification. But if there is an INF agreement, its stringent verification requirements should open the way for measures to verify reduction of conventional forces.

V

NATO's stated objective for the new talks, reflected in its December 1986 communiqué, is to "stabilize" the East-West military confrontation. Given that the force confrontation in Europe is already rather stable, what should this mean in more specific terms? Reasonable general objectives for the new talks would be: (1) to decrease the potential of the Warsaw Pact—and of NATO—for attack with minimum warning; and (2) to reduce the possibility of involuntary, uncontrolled escalation to conflict in the event of political crises or East-West confrontations in non-European areas.

What type of forces should be covered by reductions in a new negotiation covering Europe from the Atlantic to the Urals? In particular, what about nuclear armaments? Given worries over the possible effects of an INF agreement, most NATO countries strongly prefer to await Soviet agreement to

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significant reductions of the U.S.S.R.'s conventional forces before reducing or eliminating yet another category of nuclear weapons from Europe. This is especially true of France, which is apprehensive that any discussion of reducing tactical nuclear weapons would unavoidably draw in French nuclear forces.

On the other hand, West Germany provides an important exception to this reluctance to reduce tactical nuclear weapons. German public opinion is sensitive as always to the enormous civilian casualties that would result if nuclear weapons were used on the country's densely populated territory and, after disagreements over INF, both the political right and left are pressing for reduction of tactical nuclear weapons. Despite NATO's hesitations, it would be desirable at some point in the new talks to negotiate such a reduction, using some version of the old NATO "mixed package" trade (say, reductions in tactical American nuclear warheads for Soviet tank withdrawals). Though not successful in MBFR, trading off different armaments is one way to bridge the gap caused by NATO's insistence on larger Warsaw Pact reductions and Pact insistence on equal treatment.

In its June 1986 proposals the Warsaw Pact emphasized reduction of "tactical strike aviation," or fighter-bombers. NATO representatives have long argued in MBFR that aircraft are too mobile for mere withdrawal; in the event of conflict, they can return rapidly to their original bases, although less rapidly if entire units are removed. The U.S. Air Force continues to oppose aircraft reductions and nearly all European NATO air forces appear likely to do so as well, both because of the importance of tactical air forces at the outset of a possible East-West conflict and for institutional reasons: some West European air forces are already so small that reductions could imperil their institutional existence as a separate branch of national armed services. So it seems possible that, at least initially, NATO will argue against inclusion of aircraft in reductions.

From the viewpoint of reducing the potential of the opposing forces for attack, this is unfortunate. Moreover, fighter-bombers are expensive, at $40 million apiece in the West, and neither alliance, especially NATO, will be able to maintain present levels indefinitely. In the West, the money and personnel saved from air force reductions or, rather, from cutting back purchases of still more expensive upgraded aircraft as replacements, could be used to strengthen ground forces in a defensive mode

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through building reserves. Therefore, NATO should give serious study to including reduction of aircraft in the new negotiations, in the context of a trade-off of some NATO aircraft for a larger number of Warsaw Pact tanks and armored vehicles.

Another possible way for the West to use its superior military technology to gain negotiating leverage would be to agree to limit deployment of the modernized, improved version of the Lance missile to a low ceiling, equal with Warsaw Pact nuclear-tipped missiles of the under-500 kilometer range; the Pact now has numerical advantage of four or five to one in this category. A further trade-off might be NATO willingness to limit deployment of the new ATACOMS, accurate conventional-warhead missiles of approximately 200-kilometer range scheduled for deployment in the early 1990s, in return for large-scale withdrawals of Soviet tanks, attack helicopters and self-propelled artillery, and a ceiling on Soviet deployment of conventional-warhead missiles of this range.

The priority for ground force reductions in the new talks should be on the combat-ready, active-duty ground forces of both alliances, and should be aimed at reducing the capability for forward-moving attack with the objective of taking and holding terrain. To increase the military effect of reductions and to aid in verification, reductions should be in terms of complete units, with the focus primarily on units equipped with those ground force weapons used to move forward and take ground in an attack—tanks, attack helicopters, and self-propelled artillery.

By way of illustration, one possible reduction approach that seeks to take account of these factors would be reducing heavy armaments assigned to active-duty ground force combat units—say, attack helicopters and main battle tanks—to a lower and equal level in both alliances, with parity in central Europe as a sub-goal. Reductions would be in the form of complete units, which could be as small as battalions. If both alliances reduced the number of their tanks to an equal ceiling level of 20,000, the Pact would have to dispose of some 25,000 tanks, whereas NATO would have to remove only 5,000. In such a case, a reduction of NATO high-tech armaments could be helpful as additional leverage.

There might be other benefits from this approach, assuming Warsaw Pact leaders would be nervous over the impact of large manpower reductions in Eastern Europe. Under one version, there would be no obligatory reduction of less verifiable mili-

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tary manpower. Each participant would be left to decide what to do with the manpower of those heavy armament units that had been reduced; personnel might be reassigned to newly created, less heavily armed, less mobile infantry units—whose establishment would have to be reported to the opposing alliance—or units could be disbanded or reduced to reserve status. This approach could result in some useful restructuring of Soviet forces. An agreement could allow the United States to store its reduced tanks and helicopters in Germany. The agreement should require the Soviets to store their reduced arms beyond the Urals or in the western Soviet Union. However, if it were agreed that there would be equipment storage inside the Atlantic-to-the-Urals reductions area, there could be provision for on-site inspection of such storage sites, or preferably, for their permanent supervision by personnel of the other alliance.

An additional, somewhat different approach, less disproportionate in terms of Warsaw Pact reductions, might involve mutual reduction of those types of units—armored reconnaissance units and mobile antiaircraft units—without whose support heavy armored forces cannot move forward in attack. These units could be replaced on both sides by less mobile infantry and static antiaircraft units, which would effectively replace the reduced units by forces that could be used for defense, but not for attack.

VI

The conclusion of an INF agreement will probably give the proposed force reduction negotiations a new impetus. It is doubtful, nevertheless, that these new talks will make rapid progress. With all their complexity, the negotiations could barely get under way in the closing months of the Reagan presidency and would have to be resumed after review in the next administration. At least at the outset, it is unlikely that the Soviet Union will be prepared to make reduction concessions sufficiently far-reaching to meet probable NATO terms. The experience of the MBFR talks indicates that Soviet leaders and military commanders are too conservative in their assessments to allow potential outside benefits to move them from their habitual insistence on making an equal deal, even when they start with more forces and equipment.

It is possible that, at some point, Gorbachev may adopt a parallel track to his important concessions on INF and strategic

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reductions and show similar flexibility on conventional reductions. The prospect of reducing huge Soviet expenditures on conventional forces in order to divert resources to the civilian sector, and of improving Soviet access to the economic, technological and managerial resources of Western Europe by assuaging West European fears of Soviet conventional forces, should be attractive to Gorbachev and his advisers. But this reasoning provides no certainty. Soviet leaders have long been unable or unwilling to take actions that undermine well-entrenched Soviet military interests. The Soviet ground forces are the senior and most important branch of the Soviet armed services. Khrushchev's drastic reduction of Soviet ground forces to the benefit of the country's strategic nuclear forces ultimately contributed to his own downfall. And, for Soviet leaders, there remains the problem of political stability in Eastern Europe.

Given the known difficulties on both sides, the prospects for early agreement on large reductions from the Atlantic to the Urals appear limited. A conclusive reply to the question of Soviet willingness to make large-scale reductions in their conventional forces may not be forthcoming anytime soon.

Instead the new force reduction negotiations may result in initial agreement for a program of constraints on military activities. Possible measures include withdrawing major ammunition stocks, attack helicopter units or long-range antiaircraft missiles to a specified distance from the dividing line between the two alliances; restricting the size of out-of-garrison force activities; or restricting the amount of ammunition which can be loaded for pre-announced military maneuvers to a small percentage of the combat level. Each agreed measure would be backed by observers and verification. Faced by the need to choose between force reductions and such constraints, military commanders in both alliances might reluctantly accept the constraints in order to keep their forces intact. Their political leaders, under pressure to achieve some outcome from the negotiations, are likely to accept their advice.

Constraints will not reduce military force levels or budgets. But, if well articulated, they will justifiably contribute to increased confidence and decreased apprehension on both sides and could lead to subsequent, more successful efforts at negotiated reduction. Perhaps the new talks will shake down after a few years and both sides will become more interested in trying reduction approaches hitherto passed over. Moreover,

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outside the framework of negotiations, there is room for informal East-West trade-offs of Western economic credits and managerial skills for large-scale Soviet force reductions.

In the longer run, the military confrontation in Europe seems as likely to shrink through independent actions on both sides (including abstention from possible force improvements) taken to rationalize forces and to cope with economic stringencies as it is through agreed reductions. Not only the political confrontation in Europe, but the military confrontation, too, appears to have peaked.

Nonetheless, NATO governments need to make a serious effort to achieve agreement with the Warsaw Pact on negotiated force reductions. An overly cautious NATO negotiating effort based on the minimum terms agreed upon among Western governments will not be a valid test of Soviet willingness to make serious force reductions. And a minimalist NATO approach will not long have the support of the already large segment of European public opinion which holds that the threat of Warsaw Pact aggression against Western Europe has sharply decreased and that large NATO forces have become less necessary. Groups holding this view will become still more powerful if peace in Europe continues. Public opinion pressures on NATO governments, especially in Western Europe, and economic pressures on the Soviet Union have both increased since the beginning of the MBFR effort 14 years ago.

The Western coalition now appears to be reeling backward under the impact of each new Soviet arms control proposal, seeking to cope with Gorbachev's peace campaign defensively by making minimum adjustments in the NATO position and by faulting the Soviets as propagandists. Instead, NATO should develop a plan for exploiting fully the potential entailed in current Soviet proposals for lowering, in an orderly and verifiable way, the level of the NATO-Warsaw Pact confrontation in Europe. If this potential cannot be realized, then the responsibility must be shown to rest as clearly as possible on the U.S.S.R., not on the timidity or reluctance of Western governments; any other outcome would have seriously negative effects for Western cohesion. If the potential contained in the Soviet position can be realized, then some further, gradual build-down of the military confrontation in Europe could take place.

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Galia Golan

GORBACHEV'S MIDDLE EAST STRATEGY

In April 1987 General Secretary Mikhail Gorbachev declared that the absence of diplomatic relations between the Soviet Union and Israel "cannot be considered normal." This comment reflects a growing belief among Soviet policymakers that the rupture in Soviet-Israeli relations, dating from the Six-Day War of 20 years ago, should at last be repaired. And, to give it more significance, the remark was uttered in the presence of Moscow's oldest Middle Eastern ally—and Israel's most implacable adversary—Syrian President Hafez al-Assad.

Three months later, in July, an official Soviet consular delegation arrived in Jerusalem, including a deputy head of the Middle East department of the Soviet foreign ministry. Carrying Gorbachev's air of *glasnost* with them as they traveled, the Russian visitors set about attending a series of cordial and well-publicized meetings with various Israelis at all levels of society.

These tentative moves toward an opening to Israel mark a new direction in Soviet policy toward the Arab-Israeli conflict, a deliberate effort by the Gorbachev leadership to broaden Soviet options in the Middle East. Gradually but consistently, Moscow is showing greater willingness to make practical and ideological concessions to improve relations with Middle Eastern states from Egypt and Israel to the Persian Gulf.

The primary Soviet objective, to set up limitations on the military and political influence of the United States, remains unchanged. Both in the Gulf and the Arab-Israeli theater, this objective now dictates a policy of conflict avoidance, possibly even of conflict resolution, to eliminate pretexts for American military engagement. Thus, the Soviet Union is taking a constructive stance in new mediation moves at the United Nations to bring about a cease-fire in the seven-year-old Iran-Iraq war.

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II

After nearly two decades without significant official contact between Israel and the Soviet Union, Gorbachev has seized the initiative. But the process was slow in getting under way.

The first visible step was an informal meeting in Paris in July 1985 between the Soviet and Israeli ambassadors to France. Substantive reports of this meeting were leaked to the Israeli media and denied by the Soviets, but Moscow did not deny that a meeting had taken place. Then came various contacts between Israeli and East European diplomats at different levels, resulting in an agreement in principle on the establishment of Polish and Israeli "interest sections" (diplomatic offices without diplomatic relations) in the two respective countries. At the same time Soviet spokesmen, official and unofficial, offered numerous comments to the effect that it had been a mistake to sever relations with Israel in 1967; some even suggested that Moscow wished to put an end to this situation, thus anticipating Gorbachev's own remark.

Less tangible hints also appeared, such as the publication in the Soviet press of Israel's message to Moscow on the occasion of the anniversary of the Allied victory over Nazi Germany; the occasional easing of entry restrictions for Israeli tourists to Eastern Europe; the Bulgarian government's invitation to visit Sofia to the Bulgarian-born wife of Israel's then foreign minister (and soon to be prime minister), Yitzhak Shamir; and the gradual reduction of the virulent anti-Zionist propaganda which had become standard fare in the Soviet press in the last few years. Interspersed were the periodic grants of permission for individual Soviet Jews to emigrate to Israel, most notably Anatoly Shcharansky.

Finally came the announcement in August 1986 that Moscow and Jerusalem were to hold talks in Helsinki on consular matters, possibly to be followed by the visit to Israel of a Soviet delegation. The Soviets had selected the lowest level possible in diplomatic relations. Indeed they even ruled out an official consular relationship or reciprocity in the form of an Israeli consular delegation, scrupulously limiting the Helsinki meeting to the issue of the Soviet delegation's visit.[1] (Apparently Moscow would have preferred simply to dispatch its delegation, but Israel had requested the Helsinki meeting to clarify Soviet

[1] TASS, Aug. 19, 1986.

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plans for the visit.) The Helsinki meeting concluded abruptly and the Soviet request to send a delegation was withdrawn, leading to speculation that Jerusalem had misread the signs and had exaggerated Soviet intentions. Yet the process continued.

Prime Minister Shimon Peres held a meeting with Soviet Foreign Minister Eduard Shevardnadze at the United Nations in September 1986, and in the ensuing months contacts between Soviet and Israeli officials continued. Perhaps the most significant occurred in Rome in April 1987 between Peres, by then the foreign minister, and two of Moscow's top advisers on the Middle East, Karen Brutents and Alexander Zotov. This was followed by a meeting between Peres and Soviet Ambassador to Washington Yuri Dubinin and, subsequently, renewal of the Soviet request to send a consular delegation. Reciprocity, however, was still ruled out.

The Soviets also broke their cultural boycott of 20 years, sending two performing arts troupes to Israel. A senior Soviet journalist, *Izvestia*'s Middle East expert and political commentator Konstantin Geivandov, joined a delegation to Israel, publishing a surprisingly positive and variegated picture of Israeli society upon his return. And in the summer of 1987 a high-level group of Israeli politicians was invited to Moscow. These events were accompanied by the release of almost all of the Soviet Jews imprisoned for Jewish activism, and by an increase in the number of Jews permitted to leave the country, reaching the rate of 500 to 900 per month by the late spring.

All of this activity produced rumors of an imminent Peres-Gorbachev meeting, as well as speculation regarding free emigration of Soviet Jewry and the resumption of full diplomatic relations with Israel. At the very least they raised tantalizing questions regarding Soviet intentions.

III

Soviet calculations about resuming diplomatic relations with Israel involve several factors, most notably the effect on Moscow's relations with the Arab world. A second factor, however, is global: that is, the impact of such a move on the Soviet competition with the United States in the Middle East and, possibly, on Soviet-American relations in general.

The decision to break relations during the 1967 war happened to be a Yugoslav—not a Soviet—initiative, clearly intended for impact in the Arab world. At the time the Soviets

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were under Arab attack for their relative inaction during the war, including refusal to quickly supply any kind of aid or arms; they were also blamed by some for trying to restrain Egypt from attacking first, and for the poor performance of Soviet-manufactured arms. To mollify its Arab allies Moscow took what seemed a no-risk step of severing relations with Israel (in addition to delivering a warning to Israel to hold its fire against Syria).[2]

The move was an anomaly; Moscow had no tradition of breaking relations with states whose policies it condemned. In subsequent years Moscow resisted Arab pressures to withdraw recognition of Israel, asserting even to the Palestinians the Soviet Union's acceptance of Israel's right to exist.

Moreover, Moscow found itself at a disadvantage due to the absence of formal relations with Jerusalem; the United States was now better equipped to mediate between the Arab and Israeli sides. The U.S.S.R. used this point to argue with the Arabs in favor of renewing its relations with Israel; during the Lebanese war a Soviet official reportedly explained his country's impassiveness by commenting that the lack of Soviet-Israeli relations was an obstacle that prevented Moscow from acting effectively as a negotiator.[3] Nonetheless, declining Soviet fortunes in the Arab world in the 1970s rendered Moscow too vulnerable to risk a renewal of relations with Israel.

The Soviets have set various conditions for renewal of relations. At the 1973 Geneva Conference, Foreign Minister Andrei Gromyko indicated to Israeli Foreign Minister Abba Eban that relations might be forthcoming if there were "significant progress" in the peace process.[4] Later, the Soviets spoke of Israeli withdrawal from the occupied territories, and more recently they demanded Israeli abrogation of its "strategic understanding" with Washington. At the time of the 1985 Reagan-Gorbachev summit, to reassure the Arabs and to offset moves toward the United States by Yasir Arafat, leader of the Palestine Liberation Organization, Moscow added a demand for PLO participation in any peace talks as a condition for renewed relations.

During the past two years of hints and meetings, the Soviets

[2] Tunis radio, on Apr. 12, 1974, reported Arab anger over Soviet efforts in May and June 1967 to prevent Egypt from attacking.

[3] *Al-Riyad* (Saudi Arabia), July 13, 1982.

[4] Galia Golan, *Yom Kippur and After: The Soviet Union and the Middle East Crisis*, Cambridge: Cambridge University Press, 1977, pp. 165–66 (based on interviews).

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have only vaguely referred to the precondition that Israel withdraw from the territories; they speak more of an end to Israeli "aggressive policies," or even the less exacting formula for renewing relations "within the framework of a settlement." The stepping up of Soviet-Israeli contacts does not mean that Moscow has ceased to criticize Israel's relationship with the United States or that it does not make demands for the Palestinians, including the creation of a Palestinian state; but these demands are presented as Moscow's view of what is required for a settlement, rather than as conditions for renewed relations.

In sum, the impression has been created, at least privately, that there may be some softening of the Soviets' precondition for renewing diplomatic relations, a shift back toward their 1973 requirement for "progress in the peace negotiations" and away from demands for full Israeli withdrawal from all the occupied territories.

For all the risk, or cost, to the Soviets in the Arab world, Moscow has one compelling reason to consider renewed relations: the desire to break Washington's monopoly on the Middle East peace process. Moscow's efforts to convene an international conference on the Middle East—a renewal of the 1973 Geneva framework—have been directed at just this goal.

Moscow's interest in such a conference has fluctuated somewhat throughout the 1970s and 1980s, primarily in direct relation to American successes or failures (its interest being high in times of apparent U.S. progress in the region, lower when American mediation was clearly unsuccessful, for example, in the spring of 1975). Interestingly, such fluctuations in the Soviet position have shown no correlation with the degree of Arab unity on the matter at any given time.

Soviet gestures to Israel appeared to come at those times when Moscow was pressing hardest for an international conference or believed such a forum to be within reach. The intention was clear: to overcome Israeli opposition to Soviet participation by demonstrating that Moscow would not be a totally hostile party in the talks. At these times the Soviets went out of their way to specify Israel as one of the states in the region whose security, territorial integrity, independence and sovereignty were to be guaranteed by a Middle East settlement.

On these occasions the Soviets explicitly spoke of Israel's frontiers as those of June 4, 1967, i.e., the 1949–1967 armistice lines rather than the more restricted lines of the 1947 partition

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plan, the only borders formally accepted by Moscow. In this more moderate stand on borders, the proposed Palestinian state would be limited to the West Bank and the Gaza Strip, as distinct from (and in opposition to) the PLO's pre-1974 demand and general aspiration for a "democratic secular state" in all of Palestine (replacing the state of Israel).[5]

In 1977, when plans for a reconvening of the Geneva Conference were in high gear, the Soviets were even willing to soften one of their demands regarding PLO participation, allowing the issue to be handled at the conference itself. This was a concession apparently necessary to gain Israeli agreement to the forum at all, but it also demonstrated the tactical nature of the Soviets' relationship with at least one Arab partner.

In 1974 there was no Israeli demand for Moscow to renew full diplomatic relations with Israel in order to attend (or co-chair) such a conference. Recently, however, Israel has posed such a condition. When he was prime minister (1984–86), Peres declared publicly that he could envisage a role for the Soviet Union in the Middle East peace process if Moscow were to renew relations with Israel. Later he spoke of Soviet participation in an "international forum" and finally, in August 1986, of Soviet participation in an international conference, provided there were diplomatic relations.

Peres' concession on an international conference was primarily a response to the demand of King Hussein of Jordan for such a negotiating framework, as insulation against Arab criticism of Jordanian "direct negotiations" with Israel. Inasmuch as negotiations with Jordan have been of the highest priority for the Labor Party, in or out of power, Peres was willing to accept the Russians, if that were the condition set by Hussein, but only at a price to Moscow.

To Shamir, Israel's prime minister since October 1986, this price is virtually irrelevant, for he has rejected outright the idea of an international conference. Shamir added Jewish emigration from the U.S.S.R. to the conditions for Soviet inclusion in the peace process, and Peres himself on various occasions substituted demands for Jewish emigration for those of diplomatic relations as the condition for Soviet participation.

The Jewish emigration issue is complex for the Kremlin. Given his priorities for improving the Soviet economy, Gor-

[5] Galia Golan, *The Soviet Union and the Palestine Liberation Organization*, New York: Praeger, 1980, pp. 50–112.

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bachev, like Brezhnev, is interested in détente and cooperative business ventures with Western firms. He has used the emigration issue to further these interests, repeatedly promising North American Jewish leaders that emigration would be forthcoming. Unlike Brezhnev, however, Gorbachev at first pursued a minimalist policy, permitting only very limited, almost purely symbolic emigration of individual Jews, usually the more celebrated cases.

In time, however, this approach underwent a transformation—in part because of its failure to satisfy the Americans, but perhaps also because Gorbachev, unlike his predecessors, appeared to accept Israel's linkage of emigration with an international conference. Just as he sought to meet Peres' preconditions for a conference at least partially, by gradually improving Soviet-Israeli relations, even if not yet to the level of full diplomatic relations, so too Gorbachev has altered his position on Soviet Jewry. He has by no means gone so far as to permit full and free emigration, or even the departure of Jews at anything near the rate reached during the Brezhnev era. This he apparently perceives as having been a Soviet concession which failed to bring the promised U.S. trade and credit. He has, however, agreed to the emigration of the "refuseniks," believed to number between 10,000 and 12,000. Since then Gorbachev has claimed that the new Soviet emigration laws will permit some sort of continuing emigration for other Soviet Jews in the future, although the new laws are in fact quite restrictive. At the same time, Moscow has gradually released all but one or two of those incarcerated for Jewish activities and greatly reduced official anti-Semitism, as if offering a better life for those eschewing emigration.

There is also, however, an Israeli domestic political side to the Soviet Jewry issue. In itself, the issue of renewed diplomatic relations with the Soviet Union has not been one of great significance for any Israeli government over the years. Prime Minister Shamir's Likud, while not averse to improved relations with Moscow,[6] is opposed to an international conference and less interested than Labor in opening a path to King Hussein; it therefore feels no pressing need to compromise with the

[6] The Begin government tended toward a cold-war position against the U.S.S.R. Shamir, whose history lies in a different faction (the Stern Gang/Lehi wing of the old Herut party, which was interested in good relations with the Soviets), pursued a somewhat less anti-Soviet policy when in power.

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Soviets. This has made it much easier for them to woo Soviet emigré voters within Israel (to some degree a natural constituency for the right-wing nationalist parties), thereby appearing as the "real" champion of Jewish emigration from the Soviet Union.

Thus Likud's Moshe Arens, now minister without portfolio, sought to make Jewish emigration a condition even for holding the Helsinki meeting, demanding an Israeli cabinet-level discussion of relations with the Soviet Union prior to the talks, and calling for the return of the delegation when Moscow announced that it had no intention of discussing the Jewish issue. Labor, of course, has presented its policy in terms no less supportive of Soviet Jewry, but the issue of emigration has the potential for becoming a domestic political football that could complicate any change in Soviet-Israeli relations.

While Peres may have impressed the Soviets as more promising regarding relations with the Soviet Union, it was the change in the Kremlin itself—the emergence of Gorbachev—that brought about the growing Soviet interest in an opening to Israel. Such a departure was consistent with a broad effort by Gorbachev to invigorate Soviet foreign policy, particularly as part of an effort to increase Soviet options in the Middle East by reaching beyond Moscow's usual clients.

IV

Gorbachev's two years in office have seen a flurry of Soviet diplomatic activity in the Middle East, such as the significant improvement of relations with Oman, the United Arab Emirates, Bahrain, Kuwait, North Yemen, Jordan and Egypt, as well as attempts to improve relations with Saudi Arabia. Moscow reached an agreement with the Organization of Petroleum Exporting Countries, negotiations for which involved a visit to Moscow by Saudi Petroleum Minister Hisham Nazer in January 1987. This was accompanied by a renewed effort to patch up relations with Iran. Indeed some of these actions, particularly the efforts to improve relations with Egypt, Jordan and Iraq, seemed in conflict with Moscow's ties to Syria—yet the Soviets were not deterred.

The new Program of the Communist Party of the Soviet Union provided an ideological basis for this activity. It added an element, not present in official documents during the Brezhnev era, advocating good relations with Third World countries following the capitalist path of development. This point had

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crept into Soviet theoretical literature in the early 1980s, but it was new for a policy document and quite different from the ideologically more orthodox search for radical Third World partners characteristic of the late 1970s.

In the Arab world this policy marks Soviet abandonment of the former, unsuccessful effort to forge a radical bloc, and a turn toward establishing relationships with conservative and moderate Arab states as well as with the radicals. From the Soviet point of view this new approach has met with surprising success. Whether the result of disappointment with the United States, fear of the spread of the Iran-Iraq war and Iranian power, or simply a willingness to broaden their own foreign policy options, the Gulf states have responded positively to Soviet overtures.

Moscow has been able to collect demands for the convening of an international conference on the Arab-Israeli dispute from the Gulf as well as from Egypt and Jordan. One might even speculate that this improved Soviet position in the Arab world may have provided Moscow with the confidence to make its overtures to Israel, in the belief that Soviet-Arab relations are strong enough today to withstand such a test. Indeed the Arab states, including Syria, did not respond particularly vehemently to the limited steps Moscow initiated with Israel—and Egypt and Jordan even urged the Soviets to renew these relations so as to facilitate the convening of an international conference.

V

Gorbachev's flexibility has been strikingly evident in his improvement of relations with Egypt. Ever since the expulsion of Soviet military advisers in 1972 and President Anwar al-Sadat's abrogation of the Soviet-Egyptian Friendship Treaty in 1976, Moscow has sought to repair relations; the return of a Soviet ambassador to Cairo in 1985 was a sign of some Egyptian receptiveness.

The breakthrough appears to have come with the Soviet agreement, more than 15 years after the original Egyptian request, to reschedule Egypt's military debts (believed to total approximately $3 billion, to be paid now over a 25-year period). This paved the way for new bilateral economic agreements and rumors, at least, of a renewal of Soviet deliveries of military spare parts and possibly even arms.

These developments do not spell a reorientation of Egypt away from the United States, however. Indeed, the rumored

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arms agreement may be partially designed by the Egyptians to gain some leverage in their military arrangements with Washington. Yet from Moscow's point of view, these moves have at least brought the Soviet Union back to a potentially competitive position vis-à-vis Washington in the Middle East.

With regard to Jordan, the Soviets may have somewhat more limited ambitions. New arms deals, including those for the provision of air defense systems and even a small number of Soviet advisers, have not produced any change in Jordan's attitude toward the United States. Moreover, Soviet-Jordanian relations were greatly strained with the arrest of leading Jordanian communists in the spring of 1986 and by King Hussein's efforts to bring about talks between the PLO and the United States, a negotiating track clearly opposed by Moscow.[7]

Yet the Soviets were surprisingly cautious in their responses, condemning the Hussein-Arafat accord for possible negotiations with Israel when it was in effect, but nonetheless claiming confidence that Hussein would not capitulate to an American deal. Similarly, although Moscow was outwardly indifferent to Hussein's attempts at rapprochement with Syria, it welcomed and cooperated with the king's efforts to mediate between Syria and Iraq.

The major Soviet gain from Jordan, however, was the king's insistence on convening an international conference with Soviet participation. Whether a condition of the arms deals or merely the result of Hussein's desire for a broader umbrella to protect himself in agreeing to negotiate with Israel, the king's commitment to an international conference is a significant achievement for Moscow. Coupled with the abrogation of the Hussein-Arafat accord in April 1987, an event that served to scuttle U.S. mediation efforts, it is as valuable to Soviet policy as the normalization of relations with Egypt and the progress made with the Gulf states.

PLO abrogation of the Hussein-Arafat accord was very much the result of Soviet efforts, and a condition set by Moscow as it successfully mediated the reunification of the three major components of the PLO. A reunited Palestinian movement, categorically rejecting any plans which might lead to or through Washington, was a Soviet gain, and was even a slight boost for the communists in the PLO. Moscow remained no less wary of

[7] *Pravda*, May 20 and 30, 1986, criticizing arrests; *Pravda*, June 18, 1986, on the release of the first secretary of the Jordanian Communist Party.

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Arafat, however. The Soviets are hopeful rather than certain that Arafat's disappointment with the United States, as well as the limits placed on him by his former opponents in the PLO, will keep him from looking westward again.

One Soviet disappointment with the PLO reunification, however, has been the failure to gain Syria's prompt approval and the inclusion of some of the Syrian-backed factions of the PLO. Gorbachev, like his predecessors, has been unwilling to countenance a Syrian takeover of the Palestinian movement, and he reportedly views Assad's refusal to accept anything less than Syrian dominance as an affront to the Soviet-mediated reunification effort.

This is not the only difficulty Gorbachev has with the problematic Syrians. Gorbachev seemed to seek good relations with the Syrians, as evidenced by the communiqué after the May 1986 talks between the Soviet leader and visiting Syrian Vice President Abdul Halim Khaddam, which referred to the "trust between the leadership of the two countries."[8] Yet many of Moscow's moves in the region—be they with regard to Iraq, Egypt, Arafat's Fatah wing of the PLO or even Israel—have displeased the Syrians. And many of the old points of conflict have remained: Syria's ambitions in Lebanon, its demands for "strategic parity" with Israel, and its fundamental hostility to Israel.

The Soviets do not acknowledge Syrian control over Lebanon. They seek instead to maintain independent channels to the Lebanese government and various factions in the country, occasionally even snubbing the senior Syrian representatives there. With regard to strategic parity versus Israel, the Soviets have maintained a steady stream of improved military hardware to Damascus but continue to balk at providing the full quantities requested and at meeting certain qualitative demands from the Syrians.

Concerning Syria's conflict with Israel, Gorbachev has repeatedly and pointedly referred to the need to solve international disputes by political means. His remark to Assad in Moscow in April 1987 that "the reliance on military force has completely lost its credibility as a way of solving Middle East conflict" suggests a difference of opinion between the two and possible Soviet concern over Syrian interest in military moves.

Given Gorbachev's willingness to ignore Assad's demands

[8] *Pravda*, May 29, 1986.

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and Syrian discomfort over various matters, including Soviet-Egyptian relations, it is most unlikely that Moscow would abandon the idea of an international conference simply to please the Syrians. Yet the Soviets must gain Syrian acquiescence if such a conference is to have any meaning for Moscow.

It is therefore possible that Moscow has concluded that more time is needed to achieve Syrian acquiescence to a conference—i.e., what the Soviets have referred to as more time to "prepare" the conference. Part of this preparation as envisioned by Moscow may be Assad's agreement, possibly reluctant, to meet with Iraq's Saddam Hussein in rapprochement talks promoted by the Soviet Union and Jordan.

A more important part of the preparations may be bilateral efforts to achieve greater Soviet-American accord on the issues involved. The Soviets may estimate that Israeli and American opposition to a conference remains too strong to allow for convening this year (Soviet spokesmen have mentioned 1988 as a more likely time). And if, as in the past, Soviet urgency regarding a conference is a function of concern over American successes in the region, a lack of urgency in the current Soviet position may well be connected to the relative bogging-down of American efforts, particularly in the Persian Gulf.

What appears now to be Soviet hesitation regarding a conference is probably only temporary, outweighed by Moscow's desire to consolidate a stable presence in the region and prevent a return to exclusive American mediation. For this reason, fundamental Soviet interest in a conference, and even in the success of such a conference, remain. This is evidenced by the relative Soviet flexibility on the circumstances of a conference, expressed by Shevardnadze and Brutents in their talks with Peres, and in comments by officials in Moscow in connection with the notion of direct bilateral talks and various possibilities for Palestinian representation.

What Moscow clearly seems to appreciate is that the absence of some sort of settlement or negotiating process involving the Soviets might ultimately spell the return of exclusive American influence or another Arab-Israeli war.

VI

Iran presents special problems for the Soviet Union, but through small, careful steps the relationship seems to have improved. Following a Moscow visit by Iranian Foreign Minister Ali Akbar Velayati, there were reports that the Soviet-

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Iranian gas pipeline was working again, that Soviet technicians had returned to the sites of steelworks under construction at Isfahan and elsewhere, and that the Soviet-Iranian Chamber of Commerce had reopened in Moscow. In August 1987 Moscow announced that a visit to Tehran by Deputy Foreign Minister Yuli Vorontsov had resulted in agreements for "large-scale projects of mutually beneficial economic cooperation."

This has not, however, marked a genuine Iranian opening toward the Soviet Union, and Moscow has exhibited very little optimism about these relations. One reason is the continued strain in Soviet-Iranian relations over Iranian aid to the Baluchi rebels in Afghanistan. But more fundamental is Iran's intransigence regarding a termination of the Iran-Iraq war.

In the early years of the Iranian regime of the Ayatollah Khomeini, and of the war with Iraq, Soviet hopes for nourishing a pro-Soviet Iranian foreign policy outweighed any qualms Moscow may have had about the dangers of Khomeinism; they also overshadowed Moscow's faltering treaty with Iraq, prompting what was in effect a pro-Iranian position on the war. As Moscow's hopes for Iranian friendship were dashed, the Soviets tilted back to Iraq, steadily increasing their support, resuming arms deliveries in 1982 and supporting Iraq's call for negotiations. Gorbachev's recent attempts to improve relations with Iran have not altered this basic position. In fact negative references to Iran or Islamic fundamentalism have continued to appear in important Soviet commentaries, and the Soviets have continued to accuse the Iranians of "subversion" and "aggression" against Afghanistan.

Soviet propaganda, in its condemnation of the Gulf war as a diversion from the Arab peoples' more important struggle against "Western imperialism" and "Israeli aggression," probably reflects Gorbachev's genuine interest in an end to the conflict. Theoretically of course, continuation of the war could render Iraq ever more dependent on Moscow or, conversely, drive Iran toward Moscow as Iranian relations with the United States worsen. It could even be speculated that American military moves against Iran could serve as pretext for a Soviet move into northern Iran. Yet none of these hypothetical scenarios appears to be either believable or worthwhile in Moscow's eyes when weighed against the risks involved.

For Iraq could as credibly turn closer to the United States, in search of the aid needed to maintain its war effort. The general softening of Iraq's position toward Egypt, despite the

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Egyptian peace treaty with Israel, and particularly its friendship with Jordan are indications of continued Iraqi independence of Moscow.

Moreover, Iraq might actually be defeated by the force of Iranian arms, bringing discredit to the years of Soviet military assistance to Baghdad and, worse, permitting the spread of Khomeinism along the Soviet frontier. This could be most threatening to Soviet interests, particularly Moscow's control over the Soviet Muslim population, a concern increasingly discussed openly among Soviet policymakers. An approaching defeat might also drive Iraq to make further rash strikes against Gulf shipping, now protected by both Moscow and Washington.

The most important consequence of the continued conflict thus far is a significant increase in the U.S. military presence in the area, precisely the circumstance that Gorbachev's Middle Eastern initiatives aim to prevent. There is increasing risk of direct superpower military involvement, if not actual confrontation. Such an entanglement runs counter to Gorbachev's search for détente with the United States, an international climate which would enable him to concentrate on his domestic program. Much as a pro-Soviet Iran would be a highly prized trophy for Gorbachev, Moscow has shown no signs of altering its estimation that no such outcome is likely while Iran is ruled by Khomeini.

For all of these reasons, Soviet representatives have played a fully supportive role in U.N. efforts to bring about an end to the conflict. Both superpowers seem now to display a greater sense of urgency in the various moves to end the war, given their joint military presence in the Gulf and the prospect of American-Iranian conflict. Consistent with this objective are Soviet attempts to engineer an Iraqi-Syrian rapprochement.

VII

The efforts of the Gorbachev regime to broaden Soviet options in the Middle East and to pursue relations with conservatives as well as radicals, seeking new friends even as it seeks to unite its older partners, represent a change in Soviet tactics. They do not necessarily represent a shift in Soviet objectives or policy positions with regard to the conflicts in the region.

A possible exception to this may be the case of Afghanistan. The ostensible withdrawal of approximately 8,000 Soviet

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troops from Afghanistan hardly spells a change in policy. Yet Moscow's initiatives to discuss a timetable for withdrawal, to replace former Afghan President Babrak Karmal, to search for some local solution—even to the extent of showing a willingness to talk with the former king, Mohammad Zahir Khan—and talk of the possibility of eventual Afghan neutrality do suggest that Gorbachev is groping toward some end to the venture.

One might argue that Gorbachev wants to free Soviet resources and energies for the domestic economic tasks at hand. But, in addition, the unpopularity of the war, the problems of Soviet casualties and the poor morale of returning soldiers (particularly in the Muslim republics of the U.S.S.R.) have contributed to a Soviet desire to end the conflict.[9] Managing to achieve this will be difficult—that is, short of simply cutting the losses and pulling out, with all the embarrassment that would involve, especially in justifying the Soviet lives lost to date.

The Soviet position on the simmering Lebanese crisis has also remained much the same under Gorbachev. While the Soviets have not lessened their propaganda support for the leftist forces in Lebanon, they have also not undertaken any significant new actions there. Various comments over the past year have suggested Soviet uneasiness over the violence of Syrian- and Iranian-backed groups, and Moscow has generally sought an end to the internecine conflict. While they deplore the fracturing of Lebanon, the Soviets have nonetheless been reluctant to support the efforts of Damascus to consolidate the Lebanese political scene under its own control.

Gorbachev, no less than his predecessors, is concerned about Syria's overextension in Lebanon, with the strains it places on Syrian resources and negative repercussions in the Arab world. In addition, there remains the ever-present risk of Israeli-Syrian hostilities, which could be triggered by events in southern Lebanon. Thus, when Soviet propaganda declares, in the Lebanese as well as the Iran-Iraq context, that continued warfare merely aids the "imperialists," diverting and dividing the Arab world from the primary struggle (against Zionism), it probably reflects a genuine Soviet interest in the restoration of stability.

[9] A frank account of such problems may be found, for example, in *Komsomolskaya Pravda*, Jan. 8, 1986.

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With regard to the Arab-Israeli conflict, a similar lack of substantive change in Soviet positions under Gorbachev is apparent, despite changes in tactics. Moscow's opening to Israel has not entailed any change in the substance of Moscow's position toward the conflict or its resolution. Despite the raising of Middle East issues in talks with the United States, there has been no urgency apparent in Soviet moves toward the Arab-Israeli conflict. This could simply be a realistic response to the lack of priority accorded the issue by the Reagan Administration. Gorbachev, even more than his predecessors, has concentrated his foreign policy efforts on the world's major powers. The Third World in general, the Middle East in particular, would appear to be clearly subordinate to this main concentration.

Gorbachev's extreme cautiousness in his response to the American attack on Libya in April 1986 was perhaps demonstrative of these priorities. It is true that no Soviet leader has regarded Muammar al-Qaddafi as a reliable, stable ally; Moscow has refrained from signing a friendship treaty with Tripoli despite recurrent rumors that a draft has long been ready. Thus Soviet caution with regard to Libya should not be taken as an indication of Gorbachev's likely behavior in the case of a threat to Syria, for example.

Yet Gorbachev's willingness, apparently, to assist in the release of the TWA hostages in Lebanon in June 1985, his resistance to Assad's demands for strategic parity with Israel, and his general warnings to Syria to avoid military solutions all indicate that he is no less cautious than Brezhnev was in the Middle East. Indeed, his general reserve toward regional and local conflicts suggests he may be even more cautious.

What remains to be seen is whether Gorbachev's new tactics will be more successful than those of previous Soviet leaders. The attempt to broaden Soviet options, as distinct from the past unsuccessful effort to build a radical bloc in the area, offers some promise for a Soviet challenge to American predominance. The decline in the power of the oil-producing states offers him new opportunities insofar as it may render these states and their Arab allies less independent. American intransigence on the Palestinian issues makes the Soviets, by comparison, appear more forthcoming in the eyes of the Arabs. And an Israel somewhat more open to the Soviet Union might improve Moscow's chances for playing a role.

Yet the Soviets still have several serious problems, whatever

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their tactics. The lack of unity and stability in the area continues to expose conflicting loyalties and hinder Moscow's attempts to transform success with one country into success in the region as a whole. More important, aside from their poor record in Arab eyes regarding the provision of assistance in time of crisis, the Soviets must prove that they can "deliver" something in times of peace. Arms deliveries have not in the past proved sufficient to ensure the loyalty of an Arab ally, nor has arms blackmail succeeded in forcing Moscow's Arab clients to abide by its preferences.

The Arab states may not be pleased with American policies in the region, but because of its relationship with Israel, the United States still holds the key to the Arab-Israeli conflict. The Soviet answer to this in the past, be it through arms deliveries or propaganda, has been to seek to portray itself as indispensable: to the Arabs, as the only country able to press Washington into forcing Israel to make concessions and/or deterring an Israeli attack; and to the Americans, as the only party able to restrain the Arabs and, possibly, bring them to the negotiating table. Whether Gorbachev will have a better, or even a different answer, is not at all clear.

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Christopher Dickey

ASSAD AND HIS ALLIES: IRRECONCILABLE DIFFERENCES?

On February 22, 1987, President Hafez al-Assad of Syria deployed more than 7,000 Syrian troops into West Beirut. Their immediate aim in the capital of neighboring Lebanon was to stop the furious warfare that had raged for a week between feuding militias. But for Assad the stakes were much higher than the peace of Beirut's streets. Syria had undergone a rapid succession of setbacks in its relations with the West, deepening economic crisis at home, and humiliations in Lebanon at the hands not only of Assad's enemies but of his two most powerful allies: Iran and the Soviet Union. Indeed, Lebanon had become a crucible where those relations were constantly tested and often found wanting, and there the potential began to emerge for major changes in Syrian foreign policy.

The question of how Syria's difficulties with two very different allies have developed, and where those tensions will lead, is tied intimately to the course of the Iran-Iraq war, the Palestinian question, the Arab-Israeli peace process and the fate of American hostages. In a region beset by intractable and interrelated stalemates one looks for variables that might change the equation, and Syria's alliances have shown more signs of shifting than any other relationships, hostile or friendly, in the Middle East.

Can the West, especially Washington, exploit the situation? Can it hope for a major realignment in Syria's relations with either Iran or the Soviet Union? In June, as Assad's problems continued to multiply with the assassination of Lebanon's pro-Syrian Prime Minister Rashid Karami, then the kidnapping of American journalist Charles Glass just 350 yards from a Syrian checkpoint, Washington seemed to sense an opportunity. It was less than seven months since the United States had withdrawn its ambassador to Damascus, charging Syria with support for international terrorism. President Reagan wrote to Assad personally, and in early July he dispatched U.N. Ambassador

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Vernon Walters to start talks about improving relations. Walters reportedly concluded the conversation with "feelings of optimism."

There are, indeed, some hopeful public signals from Assad. In an apparent effort to mollify the West, he shut down the Damascus office of the Palestinian Abu Nidal group, and reiterated his own opposition to terrorism. The dramatic reversal of European as well as American efforts to isolate Syria suggests there may have been secret signals as well, possibly including Syrian cooperation in exposing Iranian-backed terrorist networks in France. Assad repeatedly has professed his desire to help free Western hostages in Lebanon, and there are many reasons to suppose he is sincere. If he increases his efforts on this front, tension between Damascus and Tehran is certain to worsen.

At a time when the West is focusing much of its attention on isolating and pressuring Iran, the Syrian link grows still more important, if not pivotal to Western efforts. An open break between Syria and Iran would be the sharpest diplomatic blow to Tehran that the West could hope for. At a time when the Soviets have gained considerable momentum in their regional diplomacy any measure that might wean Syria away from their side would be a setback for Moscow as well. Assad might be persuaded to edge away from his long-standing links to the Soviets—or at least his overwhelming military dependence on them. But Assad's moves are likely to be cautious. "You must remember this about Hafez Assad," said a Christian Lebanese politician who has negotiated with him often, and warily: "he never completely embraces his allies and never definitely breaks with his enemies. . . . He is a master of suspense; a Hitchcock of policy."

In this plot the key developments are being played out in Lebanon, an area of primary importance to Assad, and it is there one must look first to begin judging the fragility or strength of his major alliances.

II

Assad understood early on that Lebanon is more than a battleground, it is a weapon. Its corrosive hatreds and factionalism, its chaos and violence cannot be controlled, but they can be manipulated. Once Lebanon engaged Assad's adversaries, whether Israel or the United States or France, the place worked on them like a chemical agent. With a minimum of overt effort

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by Syria, those who tried to dominate Beirut without Assad's assent were driven out or destroyed. But by 1986 the Beirut weapon was turning, slowly, against Assad himself. An American diplomat likened Lebanon to "a cancer in the side of Syria, unraveling its defenses, tearing apart its social fabric."

It is there that Assad has put his ideological hopes for the beginnings of a Greater Syria and the Baath Party dream of a united Arab nation; there that those dreams have been put to the test and there that they have failed most abjectly. When Lebanon became a French mandate after World War I, the French added parts of Syria to Lebanon's territory, a move which Syrians never accepted. Under Assad, Syria's goal went beyond regaining lost ground to aspiring to dominion over all of Lebanon, a purpose that is also important to his broader regional ambitions: to rival Israel's strength, dominate the Palestinians and influence Jordan. The aspirations are interlocking and, for Assad, vital. Thus as his domestic economy has crumbled, with prolonged power outages every day, with exports almost nonexistent and the currency plunging in value, Assad has committed the resources to maintain tens of thousands of Syrian troops in Lebanon year after year. He has invested the prestige of his leadership there, and it is there that his prestige has been challenged most consistently.

For Assad, who took power in a military coup almost 17 years ago and has held onto it through the force of guile and guns, to lose face is, potentially, to lose everything.[1] This is partly the reason that he has relied so often on proxies to carry out his policies, especially when violence is involved. If they succeed then the credit may accrue to him; if they fail, then the sting of failure is tempered; and if they carry out acts that might be condemned by international opinion but that Assad finds useful, then the force of retribution can be diverted away from Syria itself.

Over the years, Syria's links to the various factions in Lebanon, and its ability to use them as proxies, have shifted in sometimes baffling ways as Syria's president has sought on the one hand to keep Lebanon from fracturing into bitterly feuding

[1] See *The Arab Radicals*, by Adeed Dawisha, New York: Council on Foreign Relations, 1986, p. 34: "Arab political theory and practice have tended to elevate the leader, particularly in radical states, to a position of dominance over state institutions, thus making the legitimacy, even survival, of the political system a function of the ruler's credibility."

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cantons, and on the other to assert and certify the right of Damascus to intervene pervasively in Lebanese affairs.

Assad first sent troops into Lebanon in 1976 when the Christians, having started the fighting, were being routed by Druse socialists, some Palestinians, Lebanese Communists and Lebanese Muslims. Within two years, however, Assad had turned against the same Christians he had first intervened to save, and developed ties with some of the forces he had moved to stop. Although Syrian agents are widely believed to have murdered Druse warlord Kamal Jumblatt, his son Walid, who assumed the Druse leadership, eventually formed what seemed a close working relationship with Damascus.

Assad's troops remained in Beirut, uneasily sharing the burden of maintaining order, until the Israeli invasion of 1982 forced both the Palestinian fighters and Syria's soldiers out of the capital. In the invasion's aftermath, the United States, France and Italy sent in "peacekeeping" forces. U.S. Secretary of State George Shultz, after only cursory consultations with Assad, brokered the Israeli-Lebanese accords of May 17, 1983, to pave the way for an Israeli withdrawal and a peace treaty with Lebanon. But a series of suicide bombings, including the October 1983 attack on the U.S. marine barracks that cost 241 American lives, demoralized the Western forces.

Meanwhile the Lebanese army that they had sought to strengthen was shattered by confessional dissension. By 1984 the point men for Assad's actions in Beirut were the Shi'ite militias known as Amal under the leadership of Nabih Berri, the Druse forces and a collection of Lebanese Baathis, Communists and the Damascus-backed Syrian Social Nationalist Party. In February 1984 the Lebanese army units in mostly Muslim West Beirut collapsed under pressure from the Syrian-supported militias, and within days, utterly reversing its previous position, the Reagan Administration withdrew its marines. The May 17 accords were abrogated.

Secretary Shultz reacted bitterly, seeming for the most part to lose interest in the Middle East after the incidents of 1983 and 1984. "He is a man who felt these things deeply, personally," said an Administration official who worked with Shultz. "We got badly burned in Lebanon. There was a sense of betrayal." And, particularly in the American press, Assad's ruthless statecraft was credited with a major setback to American policy.

Perhaps. Assad plays what has been called an "open game,"

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always preserving as many options as possible. If he uses violence to achieve his goals, whether overt force or covert terrorism, there is nothing impetuous about it. Calibration is the characteristic of Assad's famous ruthlessness. Usually he gives his adversaries, and his allies, room to back away from confrontation, and when he does make a move the risk and the likely response appear calculated with extraordinary care. But some American diplomats view the crushing of the May 17 accords less as a victory for Assad than a defeat that Washington inflicted on itself. He accomplished his ends with minimal exertion or risk. Where Assad has faced adversaries more familiar with the style and substance of Middle Eastern politics—including the uses of terrorism—he has met with less success. Iraqi President Saddam Hussein and PLO leader Yasir Arafat are said to be hated by Assad to the point of loathing, yet they have survived his intrigues. The Christian president of Lebanon, Amin Gemayel, openly defied Assad by refusing to endorse Syria's tripartite peace proposal in January 1986.

In fact, throughout 1986 there were signs that Assad's grip might be weakening, and that pressures on him were mounting. Washington's campaign against state-sponsored terrorism, which culminated in the April 1986 bombing of Libya, was focused on the activities of the Abu Nidal group, which had an office in Damascus. Syrian links to the teams that carried out the bloody attacks in the Rome and Vienna airports, and bombed a Berlin nightclub full of American servicemen, were at least as well established as those of Libya. With the conviction in a London court of a Jordanian who attempted to blow up an Israeli airliner—and who made an extensive confession of direct ties to Syrian intelligence—there finally was proof of Syria's direct backing for terrorism. The case precipitated a break in diplomatic relations between London and Damascus. The United States supported the British move by pulling its ambassador out of Syria. The European community also curtailed its economic and diplomatic ties to the regime. It was just at this point of obvious vulnerability for Assad that his allies showed themselves to be increasingly dangerous adversaries.

III

The Soviet Union and Iran top a very short list of Syria's international allies. Both have cost Assad dearly in his relations with more conservative Arab states, and each is antagonistic

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toward the other. The Syrian leader seems to collect allies who are each others' enemies, perhaps believing that they are thus less inclined to join forces against him.

Assad has a strong and evident sense of his own vulnerability. As he looks to his borders, he sees not a single friend and, in Iraq and Israel, two powerful enemies. Even within Syria Assad rarely ventures outside his capital, and then most often to his home province near Latakia. Assad is a leader very much alone, surrounded in effect by concentric circles of hostility. He is a member of the small and despised Alawite sect in a nation traditionally dominated by its Sunni Muslim majority. Assad has surrounded himself with as many as half a dozen security and intelligence services and through much of his rule allowed his brother, Rifaat, to run a vast personal army as well, each group helping to check the power of the others while maintaining Assad on top. But after his 1983 heart attack Assad seemed to lose the endurance necessary to keep all these forces in line. Civil war between his brother and his other commanders was only barely averted and Rifaat was, to all intents and purposes, forced into exile.

Another source of pressure on Assad's rule is the state of the Syrian economy; in recent years it has seemed completely beyond his control and everywhere are signs of gross mismanagement. Domestic oil discoveries and one million tons a year of free petroleum from Iran have lightened the burden some, but grumbling about shortages of goods has become a constant undertone in Syria's streets. Such basic commodities as sugar and salt are absent from the shelves for months at a time. And luxuries once common in Damascus, such as Lebanese wine, have become coveted contraband. Despite considerable agricultural potential, Syria is a net importer of food. In 1987 cash reserves plunged to less than $40 million, the severest shortage in 16 years. Exchange controls are in chaos and the authorities are desperate. At one point there were five official rates in effect for the Syrian pound, ranging from 3.9 to 20 to the dollar, and the prison sentences decreed for currency smuggling mounted to decades. The country is deeply in debt not only to the Soviet Union and Iran, but also to Western creditors and the World Bank, which this year banned further disbursements until Syria resumes debt repayments.

But the greatest challenges to Hafez Assad's power during his 17 years of rule have come from groups that believed they had God on their side. His own faith and the core of his support

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is the Alawite sect, traditionally regarded as heretical by the two principal currents of Islam, the Sunni and the Shia. Sunnis represent more than 70 percent of Syria's population, particularly the urban middle class. Alawites make up perhaps 15 percent: a rural, peasant class, a servant caste—but in modern Syrian history a military caste as well, and the core of the Baath Party's leadership.

Since the Baath first took power in Syria 24 years ago it has been dominated by minorities, and the country's Sunnis have challenged its legitimacy, despised its secularism. In April 1964, when Colonel Hafez Assad was already a member of the Syrian Baath's dominant Regional Command, Sunnis revolted in Hama. The city's Sunni religious leaders spoke out bitterly against the Baath and some reportedly put on shrouds to signal the advent of *jihad*, a holy war, against the Baath regime. The army responded by shelling the Sultan Mosque, killing dozens of protesters and crushing the rebellion. In May 1967 widespread demonstrations were triggered by an atheistic article in the Syrian army's weekly magazine. In early 1973 rebellions broke out against Assad's government when it omitted the standard reference to Islam as the state religion in the text of a new constitution. An underground war developed against the regime, led by the fundamentalist Muslim Brothers. In June 1979, 32 cadets at the artillery school in Aleppo, most of them Alawites, were massacred by Assad's opponents. Members of the government were assassinated, Soviet personnel in Damascus were killed, car bombs became a bloody commonplace. In February 1982, again in Hama, there was open rebellion. This time it was suppressed with stunning violence as Assad's soldiers, many under the direct command of his brother, razed much of the city and killed tens of thousands of its people. There was a pause in the terror waged by the faithful, but it did not end. In 1986 more people were killed in Syria by terrorist attacks against Assad's regime than in the much-publicized massacres in Paris, at the Karachi airport and the Istanbul synagogue, combined.

These challenges within Syria, aimed directly at Assad, his party and his army, had come mostly from the Sunnis. The history of Assad's relations with the Shi'ites is quite different. Excluding the schismatic Alawites, the Shi'ites are less than one percent of the population. In 1973, when Assad desperately needed to gain some religious respectability, or at least put aside the millstone of heresy, he found an ally in an Iranian

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cleric who had taken up residence in Lebanon and built a powerful following there among that country's traditionally downtrodden and neglected Shi'ites. The "Imam" Musa Sadr, as this cleric was called, issued a religious edict, or *fatwa*, declaring the Alawites a "community of Shia Islam." As political historian Martin Kramer put it, "the regime of Hafez al-Assad needed quick religious legitimacy; the Shi'ites of Lebanon, Musa al-Sadr had decided, needed a powerful patron. Interests busily converged from every direction."[2]

At the same time that he was battling the Sunni Muslim Brothers, Assad's differences with Iraqi President Saddam Hussein, also a Baath, were growing. The Baath parties of Iraq and Syria have long competed bitterly for dominance of the movement, but relations between Assad and Saddam Hussein were infected with a peculiarly intense hatred. Assad accused Iraq of aiding and arming the Sunni rebels, and less than a month after the 1982 Hama uprising Assad moved publicly to align himself with Iran in its war against Iraq by cutting off the Iraqi pipeline to the Mediterranean that was then vital to Iraqi petroleum exports.

For the would-be leader of the Arab world to support the forces of Persia against the forces of another Arab nation, for the secular Assad government to back the regime of revolutionary mullahs, seemed a fantastic twist even in the cynical politics of the Middle East. But at the time the potential threat of Shi'ite radicalism seemed less of a menace to Assad than the reality of Iraqi-backed Sunni rebellion.[3] Within the borders of Syria, the alliance made sense. For Syria's interests in Lebanon, however, it has proved to be a different matter.

IV

The essence of the alliance between Assad and the Ayatollah Khomeini is their common hatred of Iraqi President Saddam Hussein. But the mechanics of the alliance are much more complex than the old truism of Middle Eastern politics that "the enemy of my enemy is my friend." Syria has exploited the alliance for economic sustenance and Iran has tried to use it for political expansion, and it is this last point that has caused most of the problems: the place where Iran wants to expand is

[2] Fouad Ajami, *The Vanished Imam*, Ithaca, N.Y.: Cornell University Press, 1986, p. 174.
[3] "Oil and the Iran-Iraq War," by David E. Long, in *The Iran-Iraq War*, edited by M. S. El Azhary, New York: St. Martin's, 1984, pp. 48–49.

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Lebanon. Soon after the Syrian-Iranian alliance was established the situation there was blown wide open by Israel's invasion. In Lebanon, where at least 40 percent of the population is Shi'ite, the enemy of Assad's enemy became his enemy as well.

As early as June 1981 Tehran radio announced Iran's intention to send Revolutionary Guards to Lebanon to "struggle against the imperialist aggression of the United States." But it was not until a year later, after the Israeli invasion, that Iranian forces were reported to be in the Bekaa Valley. Their presence there was portrayed as a matter of "Islamic responsibility" to fight alongside Iran's "Arab brothers." But there is no record of the Iranians themselves ever engaging the Israelis, much less the United States. And some of the Revolutionary Guards were quoted at the time as saying their main objective was to spread the word of Khomeini: "We have no other goal except the Islamization of the area." Three hundred Revolutionary Guards arrived in 1982, then another 1,500 in March 1983, after the PLO and Syrian army had been forced out of Beirut by the Israeli siege, and after the Israelis had begun a partial pull-back from Beirut and environs. The central plaza in Baalbek became "Khomeini Square," and the soccer stadium "Khomeini Athletic City."

After Assad pulled out of Beirut he wanted to continue influencing events there and in southern Lebanon by remote control, through his various proxies, and the Iranians seemed at first to fit in well with the scheme. They provided funding, moral support and training for the militias of such fanatical groups as Islamic Amal and Hezbollah, from which they drew followers with a suicidal commitment to the cause of fighting Israel and, by extension, the American and French forces that had become embroiled in Lebanon since the invasion. The suicide drivers of car and truck bombs struck again and again with devastating effect. The increasingly demoralized Israelis withdrew slowly toward their border in the face of this onslaught.

The region had never seen such a thing. The prestige of defeating the Israeli war machine—actually driving it back, step by step—was incalculable in an Arab world so accustomed to humiliations at Israeli hands that it had taken to calling anything short of a rout a victory. But, precisely over the question of how this glory might be shared, friction between Assad and his Iranian allies in Lebanon soon became apparent. The bombings and other attacks were being claimed again and

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again in the name of Islamic Jihad and other mysterious organizations that linked them to the power of fundamentalist faith, and often directly to the Iranian revolution. Assad was being cut out, almost ignored.

Then suddenly, in the spring of 1985, as the Israelis began their staged pullout to the security zone along their border, a new wave of suicide attacks began against them. This time the bombers left video-taped "wills" that identified them as nationalists loyal to Assad and to the political parties he dominates in Lebanon, never mentioning Khomeini, Iran or *jihad*. The single strongest element binding Iran and Syria in Lebanon was militant opposition to Israel, but even that had become an evident source of friction.

Increasingly, the Iranians and their Lebanese clients began to assert their power independently of Assad. With encouragement from Tehran, they started pushing for the transformation of Lebanon into an Islamic Republic. As early as December 1983, Iranian Speaker of the Parliament Hashemi Rafsanjani declared that "the export of the Islamic revolution they talk about is exactly what is taking place in Lebanon." Two years later, Iranian President Ali Khamenei met with a delegation from Hezbollah and Islamic Amal visiting Tehran and called upon the Muslims of Lebanon to "form an Islamic government to safeguard the Islamic nature of Lebanon."

Before the arrival of the Iranians Assad had depended on the Amal militias, headed since Musa Sadr's 1978 disappearance by Nabih Berri, as his link to the Shi'ites and the main source of his power among them. But by 1985 it was clear that Amal was heavily infiltrated and undermined by the Iranian-backed groups. The Syrian-Iranian friction in Lebanon was beginning to surface frequently, publicly and often to Assad's embarrassment. And it became ever more linked to the issue of hostages.

V

Kidnapping is endemic to the chaos of Lebanon. Criminal and political extortion often overlap. One human rights group counted more than 200 disappearances and abductions in 1982 alone. Christians, Muslims and the various Palestinian groups frequently seize their opponents or their adversaries' relatives, and the Syrians played that game as well. In many instances the kidnappings appeared to be reciprocal. Christians would seize Muslims and Muslims would then seize Christians to win

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their brothers' freedom, or vice versa. The Iranians and their disciples, however, brought a new twist to this pattern. When their people were seized or imprisoned, they tended to retaliate against the Great Satan (the United States), and increasingly they operated on an international scale.

The wave of kidnappings directed at Westerners in Lebanon began as a direct result of events in Kuwait. On December 12, 1983, a coordinated series of suicide bomb attacks was staged against several installations there, including the American and French embassies. Not all the bombs exploded, but those that did killed six people and wounded 86. Terrorist attacks in the Middle East often are used to send political messages of warning or intimidation, but this was something more: an apparent attempt to shake Kuwait's monarchy to its foundations and, if possible, to bring it down. Kuwait's rulers tracked down the surviving plotters and convicted 17, including three who were sentenced to death. The ideological links to Iran's revolution were evident and, as it turned out, the organizations involved were well known to Syrian intelligence. The release of these 17 became the central and repeated demand by terrorists in subsequent attacks and abductions.

Khomeini's zealots served a useful function for the Syrians when Iran first became active in Lebanon. One particularly useful group, based in Baalbek in the Bekaa and headed by a former schoolteacher named Hussein Mousavi, calls itself Islamic Amal. It is a breakaway from the original Amal group founded by Musa Sadr, which Mousavi deemed too moderate. Mousavi first came to attention outside Lebanon in connection with the 1982 kidnapping of David Dodge, then acting president of the American University in Beirut. Three Iranian officials had just disappeared in East Beirut, kidnapped by the Christian Lebanese Forces. During that period the United States was rapidly expanding its profile in Lebanon in close coordination with Christian and Israeli forces, so the abduction of an American may have been intended as a quid pro quo. Dodge was held for over a year, first in the Shi'ite-dominated southern suburbs of Beirut, then in the Bekaa Valley and finally in Iran, before he was released—apparently through the good offices of the Syrians. Dodge thanked them publicly and profusely, and refused to say anything more about the case. The Reagan Administration, too, was generous with its thanks.

This was a pattern—the kidnapping, captivity in the suburbs and the valley, the clandestine trip to Iran, the release at Assad's

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insistence, the American gratitude—that would be repeated again and again in coming years. Initially the freeing of hostages, if not the taking of them, seemed to serve Syria's interests. When Amal militias closely tied to Syria took control of West Beirut in February 1984 they acted several times to rescue foreigners apparently kidnapped by other groups. In early 1985 Syria claimed credit for the liberation of American television correspondent Jeremy Levin (who claimed he had escaped) after a year's captivity in the Bekaa; again the United States thanked Syria publicly.

But the pace of abductions was quickening. Soon it appeared to be out of Syrian control. By mid-June 1985 one group of Iranian-backed kidnappers, calling itself Islamic Jihad and linked to the Mousavi clan, had accumulated six American hostages, including a newsman, a hospital director, an academic, two priests and the CIA station chief William Buckley who, by then, was dying. There were also two French diplomats and two French journalists in Jihad's hands. Assad was proffering his good offices, but to no avail. Then on June 14 a related group of Iranian-backed Shi'ites hijacked TWA Flight 847 and 40 new American hostages were flown to Beirut. One was murdered.

Assad maneuvered. His ally, Nabih Berri, intervened and all but four of the Americans were put in the custody of Amal. But it was just at this point that Assad's impotence began to be evident. The four Americans in the hands of the radicals effectively gave them leverage over all the others. Assad negotiated and cajoled, and his spokesman announced that all would be freed. Then, to his considerable embarrassment, the radicals said no, new conditions had to be met. Another day went by before the TWA hostages finally were freed, but the six Americans and four French previously abducted were not.

Washington and Paris were losing confidence in Assad's ability to deliver, and as they did so they turned more and more to direct—if secret—negotiations with Iran. The arms-for-hostages deals cut by the Reagan Administration with Tehran eventually sidestepped Assad even as a token participant, and the Iranians moved to squeeze him out of the picture altogether. Meanwhile their militias treated both Syria's professional soldiers and its proxies with growing contempt. Firefights broke out in Baalbek between Syrian troops and Hezbollah militiamen in May 1986. The next month two members of the Damascus-backed Syrian Social Nationalist Party were kid-

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napped by Shi'ites associated with Hezbollah; their bullet-riddled bodies were found two days later. Five days of fighting followed around the Bekaa Valley town of Mashgara. In October, when the Syrians arrested two members of the militias in Mashgara, the Shi'ite radicals responded by kidnapping four Syrian soldiers. Not until the Syrian army freed its prisoners were the soldiers returned.

Adding to the chaos was the factionalism of the fundamentalists themselves, both in Lebanon and Iran. Mehdi Hashemi and several other Iranians especially committed to exporting their revolution began operating in defiance of sectors of the Iranian government. Syrians got caught up in this feud and in October 1986 Syria's chargé d'affaires in Tehran—said by diplomats there to have an extensive intelligence background—was abducted and beaten by Hashemi partisans. Hashemi himself was arrested soon afterward, but the stain of the affront endured.[4]

Throughout this period Western diplomats in the region commonly argued that Assad could release the Western hostages if he cared to. His security services were bound to know where many of the hostages were being held and who was holding them. But if some were freed by force, others were likely to be killed. Assad would get little credit for corpses and considerable blame from the West, and meanwhile would have poisoned his already delicate relations with Tehran. He had less room to maneuver than many realized. The hostages were essentially an emotional problem for the United States and France. But for Assad their continued captivity was a direct affront, a constant test of his influence, which he seemed unable to meet.

By November 1986 Assad needed a gesture, a symbol of his strength as well as his goodwill, that would increase his political capital. Syrian intelligence services had been implicated in terrorist attempts in Europe; Britain, the United States and Europe took actions of protest. Perhaps worse from Assad's point of view, he was seen as a man of waning capabilities; news reports often raised the question of his health.

At just that moment came a breakthrough in the hostage

[4] After Hashemi's arrest his associates leaked to a Lebanese magazine the story of U.S. National Security Adviser Robert McFarlane's visit to Tehran. It was reprinted in a pro-Syrian Beirut newspaper, *Al-Shiraa*, where Western news media picked it up. See "Iran's Quest for Superpower Status," Gary Sick, *Foreign Affairs*, Spring 1987, pp. 706–708.

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situation, resulting, as we now know, from the secret arms shipments from Washington to Tehran: Islamic Jihad released American University Hospital administrator David Jacobsen. Here was an opportunity for Assad to recoup. But instead of sending him out through Damascus—the route other hostages had gone—Jihad arranged his liberation in such a way that Syria could take no credit. Far from the profuse thanks to which he was accustomed, Assad was all but ignored.

The affronts to Assad are not always so subtle. In the summer of 1986 Syria deployed about 300 uniformed "advisers" and hundreds more plainclothes agents in West Beirut to help impose a "security plan." But they were barred from entering the city's teeming southern suburbs, where Hezbollah holds sway and is believed to hold most of its Western captives. Meanwhile a new wave of kidnappings began, led by a group calling itself the Revolutionary Justice Organization. With much the same techniques as Islamic Jihad, the new group was picking up new hostages, it seemed, whenever old ones were about to be released.

Hostility between the Hezbollah militiamen and the Syrian advisers continued to mount: in February 1987, in a ludicrous but humiliating confrontation, Syrian soldiers and Lebanese police patrolling West Beirut were surrounded by Hezbollah militiamen, disarmed, beaten and their heads shaved.

It was less than two weeks later that Assad began a full-scale deployment of 7,000 troops in Beirut. On the night of February 24, 1987, his soldiers entered the Basta neighborhood and approached the Fathallah barracks. Most of the Hezbollah fighters headquartered there had pulled out after burning tires inside the building to cover any signs of the prisoners they had held there—among them, almost certainly, American and European hostages. Scattered shots were heard, and when the Syrians were finished, 23 men and women said to have been partisans of Hezbollah lay dead. By morning, the writing on the walls of the barracks that praised the glories of Islam and "Imam" Khomeini was painted over. Now the writing on the wall praised Syria. The strike at Iran was quick and violent, but fell short of full-scale confrontation. Still Assad did not send his forces into the southern suburbs.

VI

Throughout his involvement in Lebanon's civil war, ever since he first deployed his troops there in 1976 in defiance of

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Soviet advice, Assad has pursued policies markedly independent of Moscow's line. Through much of this period he was Moscow's only real avenue into the region. Soviet relations with Israel were nonexistent, Egypt had expelled the Russian advisers in 1972 and communists were anathema to the region's monarchies. Through the period of Leonid Brezhnev and his immediate successors, this pattern hardened. Even though Assad depended on Moscow for billions of dollars worth of arms, to a large extent he could dictate the direction of Soviet policy in the area.

The government of Mikhail Gorbachev, however, has set about forging ties in the Middle East that often contradict Assad's policies. The Soviets have reached out to the conservative monarchies of the Persian Gulf and to Egypt. In Lebanon, Moscow has opened direct channels with the Christians and maintained its ties with the Druse, Communists and Palestinians, including Arafat's Fatah organization—which Assad has tried for years to subdue, divide or destroy.

The Palestine Liberation Organization's military forces were driven from Beirut by the Israelis in 1982. Assad drove them from Tripoli, Lebanon, as well in 1983 by serving as patron for Palestinian commanders rebelling against Arafat's authority, and by providing extensive military support for attacks on his forces. Yet over the following two years the PLO worked relentlessly to reestablish its fighters on Lebanese soil. And by late 1986 it clearly was succeeding. Assad had tried to stop Arafat's resurgence by backing bloody Amal militia sieges of the Palestinian refugee camps in 1985 and again in 1986. But the policy backfired badly. As Palestinian men, women and children in the camps found themselves cut off from food and under brutal bombardment, Arafat's forces there were joined by the breakaway groups earlier allied with Assad. In the fetid streets of the shell-shocked camps, Assad's attacks were building unity, not destroying it. Outside the camps, Arafat succeeded in cobbling together a curious but effective triangle of tactical alliances with the Christians on one hand and Hezbollah on the other, in open defiance of Assad.

But the Palestinian leader's greatest ally in his challenge to the Syrians turned out to be Gorbachev. For the first time in years the Soviets not only were espousing the cause of Arab unity, they were working actively to promote it. A first and indispensable step in that direction was to pull together once again the PLO that Assad has worked so hard to pull apart.

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As the war of the camps reached a climax in February 1987, with tales spreading of starvation and passions mounting in Beirut's streets, the Lebanese Communist Party and the Druse, whose initial alliance with the Palestinians had helped bring on the civil war in 1975, met for a party congress in the Shouf Mountains. Among those in attendance was Karen Brutents, a member of the Soviet Union's Central Committee. A few days later the Druse and the Communists descended on the Amal militias to break their hold on West Beirut and their siege of the Palestinian camps. It is not certain that they were given the nod by the Soviets, but the coincidence of the timing was widely remarked on in Lebanon's diplomatic community. And if Syria had not intervened when it did, most observers believe that Amal, Assad's most reliable proxy, would have been crushed.

Six weeks later, Assad was in Moscow and the visit could hardly have been pleasant, despite Soviet promises to heighten still further Syria's "defense potential" and warm rhetoric about mutual cooperation. The Soviets were putting conspicuous public pressure on him. Even as the Syrian president was meeting with Gorbachev, the Palestine National Council had convened in Algiers against Syria's strong objections. Some of the dissidents Assad had supported for years returned to Arafat's side, despite Assad's efforts to keep them away. Among them were the Damascus-based Popular Front for the Liberation of Palestine and the Democratic Front for the Liberation of Palestine. The Soviets had been strong supporters of the conference, and Assad was expected to endorse the process. The Soviet news agency reported him agreeing with Gorbachev on "the need to restore the unity of the Palestinian resistance." But unity under Arafat's leadership could not have been what Assad had in mind. Adding insult to injury, the Soviets also made overtures to Israel while he was in Moscow. Assad, whose relations with Israel remain frozen in hostility, implicitly deplored the Soviet overtures by denouncing Israel.

What appears the most remarkable twist in Assad's maneuvering occurred a few hours after he left the Soviet Union. On April 27, 1987, at a remote air base in Jordan, Assad met with his most bitter rival, Iraqi President Saddam Hussein.

In his elaborate network of antagonistic allies and enemies who stand as potential friends, Assad often has reined in one by playing up to the other. The most obvious example occurred in the summer of 1986, when Iran threatened to curtail its

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substantial gifts of oil to Syria because Damascus had not got around to paying for some past shipments. Suddenly Assad let it be known that he might open a dialogue with Iraq. Jordan's King Hussein, acting as intermediary, was so confident a meeting would occur that he announced it in an interview with *The Washington Post*. But Iran then decided it would continue supplying oil to Syria, and only hours before the Syrian and Iraqi foreign ministers were scheduled to meet the talks were canceled.

A year later, a meeting finally did take place between Assad and Saddam Hussein, according to Jordan's prime minister, Zeid Rifai. But only sketchy and largely unconfirmed details have leaked out. The Kuwaiti newspaper *Al-Qabas* reported that the two leaders agreed on an eight-point program including a gradual halt to covert operations and hostile propaganda against each other, ministerial meetings, and a public reunion at an Arab summit conference to be held in Riyadh. Additional contacts at lower levels have been reported, but there appears to be little further progress toward reconciliation. The timing of the Assad-Hussein meeting, only hours after Assad completed his visit to the Soviet Union, suggests that it took place under pressure from Moscow.

The Syrian president had made his visit at a time when he had begun to appear less the leading figure than the leading obstruction to Soviet policy in the region, putting pressure on Soviet-Arab unity with his intrigue against Arafat and defying it with his alliance with Iran against Iraq—which is also a major recipient of Soviet arms. Moscow appears to have demanded a series of gestures from Assad, and he was obliged to comply. But the meeting with Saddam Hussein, which sent a message in itself, served Syria in several ways. It helped to mollify the Soviets and several Arab states, including Jordan and Saudi Arabia, which have worked diligently to promote Syrian-Iraqi rapprochement. It also sent a message to Iran, once again, that Assad could not be pushed too far on other fronts. And ultimately, behind its multiple veils of secrecy, the meeting need not effect any irrevocable changes in Syria's stand.

VII

Given the increasing bitterness of his relations with Tehran and the discomfiting changes in his alliance with the Soviet Union, Assad's new ploys may be serious indeed. But what, realistically, can the West expect to come from them?

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With regard to Moscow, it seems unlikely that Assad wants to do more than buy himself back a little breathing room and assert once more, quite clearly, his independence. Perhaps with this in mind the Syrians have let it be known to the French and others that they are interested in diversifying their sources of supply for arms, moving away from their now almost total dependence on Soviet weaponry. Even without prodding from Moscow, Assad may well have figured that he was moving too far out of the Arab orbit with his pressure on the Palestinians and his alliance with Iran. In January he had made a point of attending the Islamic summit in Kuwait that Iran had made a point of boycotting.

For the moment, the Palestinian issue seems to have been defused. With Israel's government in disarray, the prospects are slim for an international peace conference on the Middle East in the immediate future, and thus there is no pressing need to define Arab representation there. In Lebanon, since the deployment, Assad's troops directly oversee the Palestinian camps, and so the threat of a large-scale PLO military buildup can be slowed down more subtly than when Amal conducted its clumsy sieges. Thus the immediate points of confrontation with Moscow are blurred, and cosmetic improvements in Soviet-Syrian relations returned to the fore. A Syrian pilot has joined the ranks of Soviet cosmonauts in space. More materially, there are reports that the Soviets finally have delivered advanced MiG-29 jet fighters to Assad's air force.

With Iran, however, there have been few such cosmetic gestures. A visit there in July by Syrian Prime Minister Farouk al-Shara resulted only in perfunctory reassertions of amity. The built-in tensions in the relationship continue to grow. With such gestures as his attendance at the Islamic summit, his meeting with Saddam Hussein and his increasingly strong statements decrying the occupation of Arab—that is, Iraqi—land by Iranian forces, Assad has taken more than a few steps down the road toward a rupture. His efforts to finesse these difficulties by presenting Syria as a mediator in the Gulf conflict have been neither convincing nor successful. The economic incentive for his ties to Tehran, meanwhile, has weakened as Syria's own oil production has increased, and it appears likely that the Saudis and Kuwaitis will make up whatever income Assad might lose from Iran.

It is Tehran's apparent success on the war front, however, that must give Assad pause when he thinks of changing sides.

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Like many of the region's countries, Syria's interests are in seeing the war continue with neither victor nor vanquished. An Iranian victory and the momentum it would foster for fundamentalist revolutions throughout the region is a danger of which Syria must be aware. But an Iranian victory after a break with Syria, and despite it, would be more dangerous still for Assad. For the moment, no one—not the Western powers, nor the Soviets, nor Iraq and its other Arab allies—can offer Assad any convincing assurance that Iran will not win the war. Without that assurance there is little help the West can offer Syria that might bring about a fundamental change in its stand.

But over the long run, the threat of Iranian zealots spreading their revolution in a country Assad regards as part of Greater Syria is more than a tactical problem, it is a strategic one and it begs for action on Syria's part. If Khomeini's disciples continue to gain strength in Lebanon, a time could come when neither Assad nor his proxies could move against them with success. Along the borders of Beirut's southern suburbs, suspense can be sustained only so long before it is taken for impotence. Eventually Syria must act, and in the process end at last its uneasy alliance with Iran.

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Robert A. Scalapino

ASIA'S FUTURE

As Asia approaches the 21st century, three overarching issues preoccupy its leaders—issues that cut broadly across cultural and political lines. The first relates to the appropriate economic strategy for the years immediately ahead. Economic concerns affect virtually every society in the vast expanse known as the Pacific-Asian region, be it labeled an advanced industrial nation, a newly industrializing country (NIC), or a (hopefully) developing state.

Second is the clash between the requirements of political stability and the growing demand for greater openness. The demand for openness flows from the pressures of the emerging elites for both greater political freedom and increased participation in the decision-making process.

The third broad issue is how the nations of the area will relate to each other, and to outside powers, particularly the United States and the Soviet Union. Regionalism is growing, and local states are asserting increased independence from both superpowers. The danger of large-scale war is declining, and the prospects for peaceful evolution are stronger.

On the whole, there are grounds for optimism.

II

Only a few years ago, most of Asia's leaders exuded greater confidence in the economic policies being pursued. The socialist societies, essentially following a Stalinist "big push" strategy, proudly proclaimed their success, publishing reams of statistics that showed major quantitative advances.

Their claims were not without validity. The Stalinist approach—with its single-minded concentration of human and material resources upon industrialization, employing centralized command tactics and rigid political controls—produced

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significant initial gains, both in the U.S.S.R. and among its most apt Asian disciples. It represented a viable method of "catching up," if unevenly, with societies that had taken a more leisurely course. But at a certain point, diminishing returns set in. The innate staticism—the low evolutionary potential—of this strategy made itself felt in the weak initiatives, low productivity, excessive waste of resources and manpower, and poor quality that were the hallmarks of an autarkic system. It is the supreme irony that states operating under the internationalist imperatives of Marxism should have largely insulated themselves from the dynamic global currents that were flowing in the economic realm. Obsolescence loomed as a very real threat.

A recognition of the socialist economic malaise came first in the Soviet Union and Eastern Europe. Khrushchev made the initial efforts in the U.S.S.R. to cope with economic problems. Other experiments preceded or followed in Yugoslavia, Hungary and—abortively—Czechoslovakia. China's leaders also discovered the need to modify Stalinism to fit the contours of Chinese society, even in the 1950s. Indeed, this was one factor stimulating the Sino-Soviet cleavage. With its huge agrarian society impinging upon already overcrowded metropolitan centers, China could not afford to enforce the sacrifices upon the agrarian classes that had been a prominent feature of the Soviet drive toward industrialization. The ill-conceived commune system represented an early Chinese response to the problem.

Today, however, China is engaged in far-reaching economic reforms pointing in a different direction. It sets the pace for other Asian socialist societies with that self-confidence that is the enduring testimony to Middle Kingdom nationalism. Deng Xiaoping has pledged "socialism with Chinese characteristics." First, the commune system was rapidly dismantled, replaced with contractual agreements between family units and the government. This fundamental retreat from collectivism has brought significant production gains in agriculture and an explosion of small- and medium-sized rural industry.

Chinese agrarian reform is not without its costs and problems. Societies can share poverty more easily than wealth. Given alternatives, moreover, the peasant will gravitate toward those crops that promise the greatest profit, namely, commercial products other than grain. To offset this, state agricultural subsidies have been retained at extremely high levels. And the rapid growth of rural industry competes for resources with certain priority projects. Nor is it clear whether local commit-

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ment to maintaining the necessary infrastructure—irrigation canals, roads and health facilities, for example—will be minimally sufficient, or the commitment to population planning when more hands in the field are desired. Yet these problems can be reduced or contained, if not wholly solved. On balance agrarian reform has proved to be a decided plus, and recognized as such by the citizenry. When Chinese leaders proclaim that there can be no turning back, it is the transformation taking place in the rural areas above all that underwrites this promise.

The more difficult problems, of course, lie in the urban sector of the Chinese economy. A central dilemma relates to price reform and its necessary companion, industrial rationalization. As long as prices bear only limited relation to the costs of production, campaigns for industrial efficiency are likely to falter and subsidies or deficits in state industries will eat deeply into the governmental budget. Yet if thoroughgoing price reform is undertaken under present conditions of widespread managerial inefficiency and low labor productivity, high levels of inflation are feared.

China's reformers face other formidable problems. What is the best balance between centralization and decentralization, and, within the individual plant, between managers and party cadres? Decentralization—essential if adequate attention is to be paid to diverse local circumstances and plant initiatives are to be encouraged—is not easily achieved under a system where centralized planning and resource allocation are deeply ingrained. Abrupt decentralization, moreover, has led to serious excesses such as the profligate expenditures of foreign exchange and a rapid rise in corruption. Heavy industry remains essentially under Beijing's control, and that constitutes a significant portion of the industrial sector. At the provincial and local levels, moreover, the ability and will of political figures varies greatly. Tianjin's current mayor is popularly judged a "doer," Shanghai's mayor a "plodder." Meanwhile, party cadres and plant managers adjust in diverse ways to the edicts shifting control of factory operations to the manager. Actual authority varies greatly, as do personal relations. In theory it is now possible to dismiss inefficient or lazy workers, but only rarely is such a step taken. Wages throughout the society remain distorted, with intellectuals and officials thus far garnering the least economic benefit from the reforms.

It is thus not surprising that a debate over the pace and scale

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of the reforms has unfolded. Even the direction of the reforms is questioned in some quarters. To tinker with a command economy is to effect limited change; to alter it fundamentally is to take a hazardous journey into the unknown, especially when its political consequences are considered. The views of China's current leaders range along a lengthy continuum, with each action productive of new issues, hence, new discussion and debate. The common assertion that there are two sharply delineated factions within the Chinese leadership—the "progressives" and the "conservatives"—is inaccurate. It is no doubt true that some individuals regularly exhibit cautious, even critical, propensities while others display impatience and boldness. Personal ties, always a vital element in the Chinese political scene, must also be factored into any analysis. Yet the commanding fact is that dominant power is held today by those who remain rightly convinced that the autarkic policies of the past cannot advance China successfully into the next century. They are determined to continue and widen ties to the advanced industrial states, fashioning them in China's interests. Thus, they are genuine reformers—but they are not liberals.

Chinese reforms, it should be noted, take on the attributes of campaigns, the rhetoric of planning notwithstanding. Out of exhortation and mobilization comes overkill, followed by retrenchment. The slogan "two steps forward, one step backward" is an apt description of Chinese-style evolution. The works of Hegel, not Marx, best explain the Chinese phenomenon. Pursuing its own course, China is likely to muddle through, with Deng Xiaoping and his successors persevering—tough in the face of setbacks, governed by trial and error, not immune to periodic retreats, accepting of the fact that no policies known to man can bring about the rapid modernization of one-and-one-quarter billion people. The overriding issue for China and for Asia's other socialist societies, put simply, is this: Can Leninist-style socialism and market-oriented economics be satisfactorily united? Will "market socialism" work—and work sufficiently well to serve for the decades ahead?

III

In North Korea the decision to turn outward is more tentative. The first efforts took place in 1972–73, unfortunately coinciding with the initial oil crisis and resulting in heavy indebtedness. Leaders of the Democratic People's Republic of Korea continue to send economic as well as political signals to

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Japan and the West, although their hot-and-cold quality suggests differences of opinion within the leadership hierarchy. Yet the necessity for change is spelled out in declining growth rates and the threat of obsolescence hanging over North Korean industries. Although the D.P.R.K. possesses half of South Korea's population, its level of production is now estimated at no more than a quarter of that in the South, possibly less. The lack of products suitable for export other than military supplies accounts for the scarcity of foreign exchange, making it impossible for North Korea to pay its foreign debts and saddling it with a miserable credit rating. The high military expenditures (estimated by Japanese and Western sources at 15 to 20 percent of total GNP) add to the burdens of the citizenry. Since North Korea's economic troubles have security implications (causing the country to fall further and further behind the South), it is not surprising that Pyongyang's leaders have shown some interest in Chinese experiments, have turned urgently to the Soviets for military and economic assistance, and have sought technology from various sources, even enacting a joint venture law for such purposes.

There is no current evidence, however, to suggest that North Korea is yet prepared for bold reforms. Over time North Korean trade has grown with non-socialist states, especially Japan, although Japanese firms have generally demanded cash payment in recent years. Approximately 11 percent of total D.P.R.K. trade is with Japan. Investment from Japan has come almost wholly from pro-North Koreans resident there. The D.P.R.K.'s quest for modern technology still revolves essentially around the U.S.S.R. and Eastern Europe. One stark dilemma confronts North Korea in addition to the economic difficulties involved in shifting course: What will be the political fallout of a much more extensive opening to the outside? Can a people more intensely indoctrinated and more isolated than those of virtually any other country of the world retain their "purity" and unity if confronted with the real world?

Nevertheless, the first signs of change can be discerned. Kim Jong Il, the Great Leader's son and heir apparent, seems to have taken command of day-to-day governance and is surrounding himself with well–educated, technocratically inclined figures. The guerrilla-soldiers of his father's generation are rapidly fading from the scene. Sooner or later, North Korea, inheritor of Korea's historic appellation, "the Hermit Kingdom," will enter the contemporary world.

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The Mongolian People's Republic is also showing an increased interest in matters modern and Western despite its overwhelming reliance upon Soviet economic and military assistance, a reliance not likely to be given up as long as the fear of the neighboring Chinese goliath remains so strong. Diplomatic relations with the United States were established in 1987, and the first academic U.S.-Mongolian bilateral conference on contemporary issues took place in 1986.

Vietnam represents the most recent example of how to win a war and lose the peace. The overall economic situation, in the words of Hanoi's leaders themselves, is deplorable. Agricultural production, up briefly a short time ago, appears to have plateaued. Industry is in a state of chaos. Population continues to grow dramatically at an annual rate estimated at 2.6 percent. Only a tolerance for a huge second economy—and a massive Soviet dole—allow Vietnam's economy to limp along. Leaders have been severely self-critical, but their acid comments do not match those of the Vietnamese public at large. A generational change is now under way, with the old veterans of 40 years of struggle giving way to somewhat younger second or third generations. There can be no doubt that even more than the North Koreans, the Vietnamese leaders would like to tap the resources—human and material—of Japan and the West; Japanese entrepreneurs, at least, are willing. But only when Hanoi is willing or able to accept a compromise, ending the drive to control Cambodia and Laos, can Vietnamese leaders focus their attention on economic problems and begin a process of interacting significantly with the market-oriented nations. Discussions take place sporadically on the possibility of a coalition Phnom Penh government and a neutral Cambodia, with all Vietnamese troops withdrawn. Yet little progress can be discerned despite the Vietnamese pledge of withdrawal by 1990.

As the Asian socialists search for new or altered economic strategies, they are increasingly aware of a similar quest by the country from which they drew initial inspiration. The Soviet Union under General Secretary Mikhail Gorbachev has once again been set on the path of reform, this time with an earnest realization that unless basic changes are made, the U.S.S.R. will not fare well in the competition certain to mark the 21st century. Far-reaching reforms thus become a patriotic obligation. Gorbachev is not the first leader to appreciate the problems. Nor will he be the last, whatever the results of his efforts.

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The obstacles are truly staggering. The Soviet Union is one of the most conservative societies in the world, characterized by rigorous social stratification and restricted consumer gains which limit the socioeconomic revolution that has swept over many nations. Although their living standards have risen in recent decades, Soviet citizens have become increasingly aware that their livelihood lags behind that of a number of states, including most of Eastern Europe, a region their government subsidizes. But is the average Soviet citizen prepared to work more efficiently—indeed, to undertake nothing less than a cultural change, responding to expanded incentives if they are provided—to improve his lot? It is reported that resistance to Gorbachev's reforms comes from below as well as from above. Many industrial laborers do not like to be told to drink less and work harder. Meanwhile, some Soviet elites exhibit concern that their authority and privilege will be eroded, a concern only deepened by the techniques employed by the new leader to expose perennial ills and mobilize the citizenry—and the intellectual community—to turn away from the past.

At root, Gorbachev's *glasnost* is a weapon against entrenched, frequently corrupt power-holders. But unlike Deng Xiaoping, Gorbachev cannot use as a foil a past event like the Cultural Revolution—an event that produced policies so irrational as to disillusion a great majority of the Chinese Communist Party elites, thereby paving the way for change. The verdict for the Soviet Union is far from being rendered, but we are witnessing the opening stages of what may be the most protracted struggle for the revitalization of the Russian empire since Lenin. The results cannot help but be of significance to Asia as well as to Europe.

To summarize, broad economic developments in the socialist world, including in Asia, indicate three trends of crucial importance. First, out of a recognition that the basic Stalinist model no longer suffices, reform efforts potentially more significant than any previously attempted are—in varying degrees—in progress. These efforts center on experiments to provide a new mix of the traditional centralized, statist economy and the market. For the reformers the critical question is what mix is most efficacious and, indeed, whether a reasonably successful combination is possible.

Second, this experiment cannot be confined to the economic realm—a fact now recognized, sometimes begrudgingly, by the socialist leaders. Liberalism may be anathema, but how does

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one cultivate economic initiatives while commanding that political man remain fully subservient to state and party? Thus, Asian socialism—like its counterparts in Europe—is on the verge of a major change encompassing all facets of the individual in relation to society. This change, evolutionary in its means, will be profoundly revolutionary in its ultimate course.

Finally, the economic changes under way or contemplated point in the direction of greater involvement in regional and international intercourse, a sphere currently dominated by the market economies. Already the leading socialist societies are seeking entry into Asian regional organizations dedicated to economic cooperation. The internationalization of socialism has commenced, but not in the manner Marx envisaged.

IV

It should not be assumed, however, that economic change and the troublesome issue of an economic strategy appropriate to the future are confined to the socialist states of Asia. These matters are of equal concern to the mixed economies, many of which have set the pace for rapid growth in the recent past.

Look at Japan today, a nation widely and correctly proclaimed as the most successful among the major industrial societies. It would be unwise to gamble against Japan in the primary economic task that lies ahead—continuing the structural changes necessitated by an economic revolution more global, more inclusive and more rapid than any mankind has previously witnessed. At an unprecedented rate, Japanese industries—in whole or in part—are being transferred overseas to take advantage of lower costs of labor or resources, and to fend off protectionism. The domestic savings ratio remains very high, and investment in research and development continues to rise, making Japan the foremost competitor with the United States on the cutting edge of new technologies.

Gone are the days when Japan was merely an adapter, taking the ideas of others and turning them into marketable products. In many of the frontline high-technology fields, Japanese products can now hold their own with the best that Americans and others have to offer. Although the bureaucracy may be retreating somewhat in the face of a strong, self-confident private sector, government and industry still work largely as a team. A premium has been placed upon cultivating a system that encourages sufficient domestic competition to promote innovation, yet provides sufficient protection to sustain the basic

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economic structure, including its backward elements. In essence, Japan united the authority of the state and the energy and creativity of the citizenry in a manner both different from and more successful than either the modern socialist or old capitalist economies.

Yet today Japan faces challenges more grave than in many years. The current growth rate is approximately two-and-a-half percent, bringing the nation down from its exalted heights into the company of other advanced industrial states. Unemployment has risen to three percent, high by Japanese standards, as traditional smokestack industries like iron and steel, shipbuilding and textiles feel the competition from new arrivals, especially South Korea and Taiwan, but with China and others on the horizon. With the graying of the Japanese population, moreover, the demand for social services will surely grow. Yet the present Japanese tax system is inadequate and the government budget is regularly in deficit. Moreover, the phenomenally high and steadily rising cost of land inhibits a major expansion of housing, a key to unlocking constraints on domestic demand and improving the quality of life. Japan desperately needs a second land reform, one that requires a fundamental change in agrarian policies in their broadest dimensions, from subsidies to taxes.

The goals for the future are coming into focus among Japanese planners: a rapid advance into high technology and service industries, accompanied by ever greater interdependence with foreign economies; the expansion of the domestic market to alleviate the trade imbalance; the further opening of financial as well as commercial markets for the same purpose, together with cooperation in finding an appropriate exchange rate for the yen. The 1986 Maekawa Report spelled out this general course.

Although these goals are being implemented in varying degrees, uncertainties remain. Japan is confronted with the need for nothing less than a sweeping cultural change. Having become a global economic power, it is now being asked to adopt truly internationalist attitudes and policies—and in the shortest possible time. The impediments to such a course are considerable. Japanese society is still governed largely by hierarchical principles, and if hazardous generalizations are permissible, the Japanese people are basically introverted, most comfortable within a small, intimate group living and acting in accordance with long-established rules. The tolerance, the

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openness, the "turning out" in a psychological as well as an economic sense required of a cosmopolitan people is yet to be widely acquired.

For many Japanese, moreover, there is no particular reason to alter economic practices for the benefit of others. Is not Japanese success the product of hard work and sacrifice, with material gratification often postponed? In comparison, is not Western Europe verging on decadence, and the United States like the adolescent who threatens his health by various excesses? Given such attitudes, Japan poses in severe form a problem common to the democratic societies of this era. Whatever the rationalizations for clinging to the status quo, rapid structural changes are essential, as are new policies to fit the unfolding international environment. Experts, generally speaking, know what should be done. But politicians are governed by what can be done—without severe political penalty. Can public opinion be mobilized quickly and directed toward making certain sacrifices when necessary? Can the cumbersome mechanisms of government and the complex culture-driven structures and policies of the private sector be reoriented to support basic changes in the economic system? Never has the premium on timing been so important; the leisurely pace of previous times will no longer suffice.

Japanese officials know, at least generally, what is required. The reluctantly accepted readjustment of the yen represents a major step forward, and other commitments—if properly implemented—will improve the Japanese standard of living as well as benefit Japan's position in the world. There is reason to assume that a decade hence, Japan will have made a generally successful transition to a new order. With official encouragement, the private sector is already involved in an extensive internationalization. Industries are being shifted overseas, foreign investments are proliferating, and Tokyo is becoming a major global financial center. Economic change is preceding cultural change, creating tensions at home and abroad, but the general course is set. Before the end of this century a new Japan will have emerged, one forced to take on a range of responsibilities undreamed of a few decades ago and, in the process, giving new meaning to the term "revolution."

V

The NICs of Asia are also being forced to face up to new circumstances. In the Republic of Korea, for example, depen-

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dence on foreign borrowing is progressively giving way to the encouragement of foreign investment, requiring a measure of liberalization beyond that palatable to portions of the private sector. The Korean bureaucracy often compounds the problem by various types of obstruction. Asia's concerns regarding American protectionism should not be allowed to obscure the fact that protectionism in diverse forms is alive and well in many Pacific-Asian states. Indeed, in some countries it is growing rather than receding, making the issues of fairness and reciprocity salient to Americans. Certainly a case can be made for import substitution policies at certain stages of development, and virtually every state has pursued such policies in some degree. But there is no reason why such states should assume a lofty moral attitude and point the finger of blame solely at the United States.

On this matter there is sufficient blame to touch all parties. However, there are good reasons to believe that under various pressures the NICs will make continuous adjustments in their international and domestic economic policies in the years immediately ahead. Moreover they are likely to prosper. Their per capita income will approach that of today's southern Europe by or before the end of the century, providing two conditions prevail: political stability at home (a very special consideration in the case of Hong Kong and possibly Taiwan); and the avoidance of a protracted global recession brought on by the inability of the advanced industrial states to manage their economies in a rational manner.

For the Asian states in earlier stages of development, the challenge ahead appears more daunting. Recent events proved a rude shock to the states of the Association of Southeast Asian Nations (ASEAN), Brunei excepted. After a period of accelerating growth in most cases, troubles descended with little warning. A combination of factors was involved: decelerating Western growth, a steep fall in primary commodity prices, questionable economic strategies, and for some, a sharp decline in oil prices. The Philippines presented a medley of problems in their most acute form: mismanagement, misplaced nationalism and massive corruption. Yet each of the ASEAN states has had to rethink its strategy under difficult circumstances. To some leaders it seemed to be "damned if you do, damned if you don't." States avidly pursuing import substitution policies with nationalist banners flying found their course costly in economic terms. But the states that sought to reemphasize agriculture,

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including cash crops and agribusiness, found world prices dropping.

The adjustments under way are beneficial. The shift from a heavy reliance on foreign borrowing to greater emphasis on foreign investment is progressing, notwithstanding bureaucratic and nationalist obstacles. Some retreats from governmental dominance and a greater reliance on the private sector are under way or pledged, with the requisite training of management experts and technicians acknowledged to be important. Gradually a pool of such individuals is developing, some drawn from officialdom into the private arena. Lower-level education is progressing, although gains are uneven. And the all-important issue of population planning is being given greater attention in most states. Efforts have even been made to tackle the problem of "capital centrism" by attention to provincial and community development and the networking of regions as transport and communications expand.

There is no reason for euphoria. Miracles are not in store, and for societies like the Philippines and Indonesia the road ahead promises a period of slogging. Moreover, external factors beyond the control of the regional states will remain critically important. Yet the basic natural and human resources exist for a level of growth that will place much of Southeast Asia among the pacesetters of the coming decades. Even Vietnam could show significant, sustained economic gains if its priorities—and its economic strategy—were altered.

The fact must be faced, however, that in the process of development some states will be left behind. Certain ministates of the South Pacific, for example, simply do not have adequate resources. In South Asia, one cannot avoid apprehension about Bangladesh, given its huge population and relatively meager resources. Nepal also raises doubts; its known resources are exceedingly limited. In these areas, the international task is to fashion assistance programs that provide necessary basic support without destroying local incentives.

Other states—and India is a striking example—will develop in a highly uneven fashion, with certain regions moving ahead rapidly, others lagging behind. The vitality of southwest India in comparison with the poverty of Bihar presents just one example. In another continent-sized country, China shows a similar trend of regional economic development: growth in Guangdong-Hong Kong, Shanghai and its relatively affluent hinterland (and possibly Fujian-Taiwan) is spurting ahead of

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much of the interior, bequeathing political and social issues of substantial dimensions.

VI

What economic generalizations relating to Asia as a whole have greatest significance for the future? First, on the average, growth rates will continue to exceed those of other regions, albeit with the major variations just noted between and within states. This vast area is undergoing accelerated socioeconomic growth that will not reach its peak until well into the next century.

The first phases of that revolution were characterized by the rapid extension of governmental authority over the private sector (Hong Kong being virtually the only exception); an increased centralization, with the national capital becoming the center of economic planning and fund dispersal; a strategy combining import substitution and its companion, protectionism, with an intensified drive to emphasize exports and, in many cases, a growing dependence upon foreign borrowing. These policies, derived from both the traditions and the current realities of Asian societies, cut across diverse ideological-political systems while varying significantly in degree.

In the years ahead, economic strategies will be continuously recast. Reliance on the private sector will increase, along with the effort to bring the creativity of the society into fuller play. A complete acceptance of laissez-faire economics is not on the horizon, to be sure. Official authority will remain strong, but the neomercantilist policies of the past are undergoing major change. A powerful second economy, moreover, will continue to operate independent of official control, especially where the process of change is too slow. It is already a major element in India, China and the ASEAN community.

There will also be a sustained effort to establish a better balance between central and decentralized programs. Economic and political necessities will dictate greater emphasis upon provincial and rural development, resulting in the growing homogenization of city and countryside. As noted earlier, backwater areas will persist, but the reach of the modernization drive will be swiftly extended. With some exceptions, moreover, the quest for foreign investment and technology transfer will advance rapidly, with the requisite environment created, although not without stout resistance from groups benefiting from exclusivity and protectionism. Out of protracted battles

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will come a new mix tilting toward ever greater economic interdependence, once again cutting across political lines. This in turn will soon require greater institutionalization.

While the developmental possibilities of the Pacific-Asian region are indeed promising, optimistic predictions will not be realized automatically by some "natural" process. Their attainment depends heavily upon human decisions. Never in history has so much hinged upon the ability and the will of men and women, individually and collectively, and especially political and economic elites. They must act—and act correctly as well as in a timely fashion. The process will permit only a limited number of serious mistakes, and there will be a heavier penalty for procrastination than in earlier years. For Asia the next several decades will correspond to several centuries in terms of changes in livelihood, values and awareness—the elements that make this such an extraordinary era and test to the limit the mettle of those who must lead.

VII

It is in this context that a second overarching issue confronts Asia. Tension is rising between the need for political stability and the demand for political openness. The former is a requirement appreciated most by those who govern and must take responsibility for the tutelage that hopefully will sustain rapid economic and social development. The latter represents the insistence of newly emerging elites, rapidly increasing in numbers, for greater political freedom and fuller participation in the process of making those decisions that will affect their lives.

Contrary to the views of some foreign observers, these new elites are not truly middle class in the Western sense. The commercial-industrial representatives, conscious of the importance of stability and supportive of strong governments applying neomercantilist policies, are rarely in the vanguard, though their ultimate support or acquiescence, like that of the military, may be crucial. The initiators are generally student-intellectuals backed by journalists, professionals and, in some settings, religious elements—all of whom are tenuously connected primarily by education, a degree of "westernization" and a standard of living that has elevated them above poverty, hence enabling them to assign a higher priority to political rights.

One should treat this dramatic struggle with the complexity it deserves. Virtually all Americans are trained to place a supreme value on human freedom, with limits on governmental

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power and safeguards on the rights of speech, press, assembly and religion. In our political culture rights often seem nearly absolute for individuals and interest groups, responsibilities greatly limited. Correspondingly, governance is more difficult, but the benefits that accrue lie in the fact that error or malfeasance in the public area is ultimately exposed, often in time to enable corrective measures to be effective.

In the political culture of Asia, much that is traditional still holds sway. Rarely is the highest premium placed upon the rights of the individual or special interest group. Nor has majority rule been a valued form of decision-making. Why should 51 percent impose their will on 49 percent? Consensus sought through various processes is the desired route. But there is a corollary with opposite implications: those who cannot be conciliated must be treated as enemies. There is only minimal tolerance for those who insist upon taking a different stance, and this is what makes the effectuation of genuine parliamentarism so difficult. Democracy requires an acceptance of the rights of both the majority and the minority, providing their actions are carried out within legal bounds. In the definition of legal bounds, moreover, lies another set of ambiguities. In Asia, the application of the law is frequently arbitrary, costing governments their legitimacy. On the other hand, oppositionists often take the law into their own hands, resorting to the streets as an alternative to the legislative chambers or the courts.

It is a mark of our times that all Asian governments without exception pay homage to democracy while interpreting it in radically different ways. Political modernization at root has consisted of substituting secular for religious dominance, paying homage to the rule of law equally applied, moving toward specialization (bureaucratization) in the public as well as private sector, and accepting (or insisting upon) mass participation in politics. In each of these trends, however, the past makes itself felt. In certain settings, such as North Korea, ideology is religion; in others religion has reentered the political arena with a strength born out of the decline of secular ideology. Law, including fundamental law in the form of a constitution, remains an ideal, not a command to be rigorously enforced. And despite bureaucratization the dependence upon strong leaders remains, underwritten by the weaknesses of political institutions or the psychological insecurities that go with a transitional age. Some of these circumstances, incidentally, are

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not absent from other regions, including the advanced industrial West.

It is in this setting that one must view ongoing events. For the Leninist states of Asia, the struggle between elitist authoritarianism and greater openness is clearly destined to be protracted, with mixed advances and retreats. Recent developments in China are instructive. The student demonstrations of late 1986 stemmed from diverse grievances. In the background lay unhappiness about university conditions: a rapid expansion of enrollments without a corresponding expansion of facilities, and the innate conservatism of China's higher education as exemplified by backward conditions in libraries and instructional methods. The students, mirroring the larger community of which they are a part, were also disturbed by aspects of the post-Mao economic reforms, especially those measures that have given rise to inflation, wage distortion or corruption. But grievances or demands focused in this instance on a vague, at times naïve, request for political reform, including the fulfillment of pledges already made by the authorities for genuine choice in local elections and a fuller flowering of ideas, even iconoclastic views.

The interesting aspect of the recent Chinese student demonstrations was that, contrary to official claims, they were not guided by "external sources," although undoubtedly among the stimuli was news about political developments elsewhere, including South Korea. The Chinese student actions were essentially spontaneous, leaderless and poorly focused in terms of immediate objectives. It is true that a few individuals such as Fang Lizhi, then vice president of the China Science and Technology University in Hefei, provided immediate inspiration through public speeches and writings. The Voice of America, moreover, simply by reporting the initial demonstrations may have assisted in spreading them. But the messages contained were indigenous, and they will come forth again, with only the place and time uncertain. Some of the students and older intellectuals serve as spokesmen for an urban constituency that now questions the political values as well as the economic system implanted by the old soldier-politicians who still cling to power.

Not all intellectuals, to be sure, supported the recent demonstrations. To some, they were the type of ill-timed, purposeless displays that gave the conservatives an excuse for assaulting the more forward-looking elements in the leadership, including

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former General Secretary Hu Yaobang. Even among the experimentalists, there is a recognition that these are delicate times, with the future balance of power at the political summit—along with the broad direction of policy—uncertain. Deng Xiaoping, it must not be forgotten, is a modernizer but also a Leninist, Chinese-style. He is committed to "turning out," but steadfastly opposed to "bourgeois liberalization," and thus profoundly worried about the political side effects of China's increasing internationalization. He and his colleagues are concerned about the loss of faith in Marxism that now affects a sizable proportion of the younger generations—including their own children.

The youth of China do not believe. And in not believing, they cast a profound shadow over those who have spent a lifetime keeping the faith. Cynicism and a quest for material gain typify many of the doubters, although within the younger generations the predominant political sentiment would appear to be nationalism, a desire to see the advent of a powerful China, respected in the world. The element of naïveté is indeed strong in youthful formulations, with a simplicity of views that is only slightly touched by the complex realities of the world, including those of China.

The general situation evokes comparisons with the past. For more than a century, China's rulers have sought to borrow Western science while retaining Chinese values. Once those values were represented in Confucianism; now they are encased in sinicized Leninism—both intended to preserve order in a potentially disorderly society where factionalism derivative of kinship ties, strong egalitarian strains and regional divisions abounds.

Despite nearly four decades under a Leninist system, the political institutions of contemporary China—even those within the supremely important Communist Party—are weak. It is enormously revealing of the current situation that during the recent crisis, a leading intellectual would assert, "We must depend upon Premier Zhao Ziyang to persuade Deng that another campaign against the intellectual community would cause great damage to China's modernization effort." Zhao must persuade Deng! Here, there was no reference to the National People's Congress, the governmental body supposed to represent the people, or the Central Committee of the Communist Party, the legal repository of supreme party au-

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thority, or even the Politburo, the body from which ultimate power allegedly flows.

In its heavy dependence upon personalities and its scant reliance upon those political institutions to which official homage is paid, China is at one with much of Asia. Political institutionalization is a largely unfinished task. For the most part traditional institutions have been cast aside, but despite arduous efforts, new ones suitable for the times and for the special characteristics of these rapidly evolving societies have not been discovered. Leninism has served the purpose of imposing an elitist order by fiat, but its long-term effect is as stultifying politically as it is economically. Yet Western-style liberal institutions, culture-specific and not fully reconciled to the demands of the late twentieth century even at home, do not travel easily.

The other Leninist societies of Asia, being governed by different circumstances, do not currently face the issue of political doubt in the same form or degree as China. But their time will come. As noted earlier, the issue of "turning out" for North Korea contains troublesome political implications. Nowhere in Asia has political indoctrination under conditions of isolation for the average citizen taken more extreme forms. Monarchical-style absolutism has been combined with the organizational-propaganda techniques borrowed from Leninism seemingly to provide the "iron-clad unity" about which the government boasts. Kim Il Sung, the "Great Leader," and his son, Kim Jong Il, the "Dear Comrade," take precedence over all institutions, with the cult of personality carried to heights difficult to imagine possible in this age. The unity sought through the appeal to follow omniscient leaders is underwritten, moreover, by a powerful military force. And in impersonal terms, the call to the Korean people (South as well as North) is to cultivate an all-embracing nationalism. Here as elsewhere in the socialist world the triumph of nationalism over Marxism is virtually absolute.

Yet the very intensity of North Korea's social order (comparable only to that of Japan and Germany in the 1930s), combined with the air of unrealism hanging over it, suggests a potential fragility. Who can replace a sun-god? What comes after a paradise on earth (except disillusion)? If, as seems likely, economic considerations will dictate greater involvement with the external world, the current political order will sooner or later be unsustainable.

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In Vietnam, war and the massive military force necessary to sustain it holds a discouraged people together, but even nationalist exhortations cannot eliminate the growing discontent with old leaders and policies. Indeed, the regime has been forced to initiate or allow changes in both personnel and programs at all levels. Unlike the North Koreans, many Vietnamese have known different times and alternative systems. They have not been so thoroughly isolated, and they cannot be so easily seduced by words. Political discontent finds contemporary expression in cynicism, antisocial behavior and indifference to ideological appeals together with the yearning of many intellectuals to have greater contact with their Western counterparts. Here too, when conflict ends, political changes of an important nature are likely.

VIII

The fashionable thesis of some decades ago that over time liberal and socialist societies would converge politically is almost certainly in error. However, trends in Asia and elsewhere suggest that the Leninist societies have embarked on an evolutionary adventure, with the general movement away from "totalitarianism" (a condition never possible to achieve in complete form) to an authoritarian-pluralist order. The latter system is characteristic of many states today: a politics governed by the dominance of a single party or small elite, military or civilian, but with varying degrees of political expression permitted and with a private sector comprising economic and social organizations having some independence from state control.

If Leninist states seem destined to gravitate in this direction (and Gorbachev's U.S.S.R. provides a further indication), what of the states already in this category, such as South Korea, Taiwan and Indonesia? It is precisely here where the issues of stability and openness are currently joined in their most dynamic form. Virtually without exception the governments of these countries are pledged to a process of democratization, to include free, competitive elections and greater freedom of speech and press, and other civil rights. Yet an ambivalence exists, sustained by doubts as to whether power can or should be shared, fears of social disorder and, on occasion, concerns relating to national security.

South Korea provides an excellent case in point. The dramatic events of the recent past are still unfolding, and flat

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predictions are hazardous. Yet the significance of what has just taken place should not be minimized. After months of indecision marked by alternate flexibility and rigidity on the part of the primary contestants and mounting crises spearheaded by massive street demonstrations, broad concessions were made by the government.

There may well be further difficulties and unexpected events. Given South Korea's political culture and the history of the past four decades, an uneventful transition to democracy from this point would constitute a miracle. But there can be no doubt that while much is still uncertain, an element of compromise has finally entered the political scene, possibly inaugurating a new era. The concessions rendered by the government, to be sure, were the product of another "people's revolution," although the circumstances were much different from those of the Philippines. Whether the men who hold power are prepared to play by the rules of the democratic game remains to be tested. It also remains to be seen whether the main opposition force can remain united and act responsibly in the crucial months ahead. However, for the first time in modern Korea's stormy history, cautious optimism is warranted regarding the democratization process.

In Taiwan also, the movement toward greater political openness is much more rapid than most observers had envisaged. Here too a genuine political opposition has been permitted to organize. In time its leaders may constitute a viable alternative to the Kuomintang, providing the citizenry with a meaningful choice. Political freedoms have been expanded and martial law has been rescinded. Once again, one should avoid flat predictions. Uncertainties abound. The statesmanship of government and opposition alike will be sorely tested in the period immediately ahead. But recent developments have made it increasingly difficult to turn back to an older political order. A huge native Taiwanese population (85 percent) is now a critical factor in the political arena, as it has long been in the economic realm. Mainland refugees and their children (15 percent) still dominate the political and security heights, but a major transition is under way. Approximately 70 percent of the membership of the Kuomintang itself are Taiwanese, and an increasing number of cabinet posts are in Taiwanese hands, as are virtually all local and provincial positions of governance.

The process of Taiwanization cannot be stopped, and President Chiang Ching-kuo, wisely foreseeing developments, has

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sought to cultivate rather than to alienate this force. Yet he will soon pass from the scene, and the future leadership—as well as the broad political trends—remains in doubt. Will both government and opposition act responsibly in the delicate situation that lies ahead? And will international circumstances be conducive to moderation? The independence movement worries both Mainland Communists and Taiwanese Nationalists. It is strong, and growing. Yet the odds favor the continuance of de facto independence, rather than a move to establish an official Republic of Taiwan. The latter course would risk P.R.C. retaliation and receive very limited support from the major states, facts presumably understood by most Taiwanese spokesmen. No one can predict the longer-term future of Taiwan, but recent events on both the economic and political fronts are, on balance, hopeful.

In Indonesia a political transition from military rule is moving more slowly, reflective of earlier trauma, the persistence of deep social and economic problems, and the effectiveness of the political arrangements created by President Suharto. Nonetheless, the Indonesian military has gradually stepped back from rule under conditions approximating martial law, experimenting with "supervised openness." The political extremities—the fundamentalist Darul Islam and the Indonesian Communist Party—were decimated in earlier separate events. Moreover, surveillance over both Islam and embryonic Marxist movements is constant, with draconian measures occasionally taken. Regulated opposition is allowed and elections possess an element of competition, but Suharto's forces are in full control. Issues are aired, but with the injunction that official ideology be supported by everyone. The indications are that the system of military-technocratic governance is likely to continue through the Suharto era and beyond. Yet in Indonesia as in other quasi-authoritarian states, the instruments of greater political openness—opposition parties, competitive elections and quasi-independent social organizations—exist in embryonic form. At a later point, they will become more prominent.

Thailand is further advanced down the parliamentary road, but the civilianization of Thai politics continues to be challenged by successive military men who aspire to be political leaders. A gulf remains between the military and the civilian politicians, epitomized by the strongly indigenous, patriotic, uncomplicated values of the former and the more cosmopolitan, complex values of the latter. Recurrently, military spokes-

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men—young and old—level charges of corruption and waste against their civilian counterparts and the party system. Thus culture and morality become intertwined issues. The monarchy serves as a supremely important final arbiter. Indeed, Thailand and Japan illustrate how important a traditional, personalized institution can be in easing the trauma of modernization if royal prerogatives are not abused or too frequently employed. Thailand will probably continue with a hybrid military-civilian system for the near term at least, but here too it would be difficult if not impossible to resurrect monarchical absolutism or military dictatorship for a protracted period of time.

Pakistan and Bangladesh are also societies where the civilianization process has met with repeated roadblocks. The economic circumstances of these two societies differ greatly. Pakistan has a strong growth record, notwithstanding major regional disparities. Bangladesh is one of Asia's economic calamities, as we have noted, heavily dependent on external assistance. But in contrast to India's secularism, both states share a powerful religious foundation. Indeed, the unified Pakistan of the past was established on theocratic principles, with the Koran to be the supreme authority. A bent toward authoritarianism lies here. Moreover, imbedded in the tribal culture, especially that of Pakistan, is a pervasive military tradition, one which the British found useful to cultivate.

Nevertheless, the contest between martial law and openness, authoritarianism and parliamentarism, continues ceaselessly in both states, with fluctuating trends. Here as elsewhere, military leaders pledge greater democracy and on occasion seek to "civilianize" themselves, thereby contributing to a course they continue to regard with ambivalence. It is this paradox that so graphically epitomizes the contemporary Asian quasi-authoritarian state.

Existing alongside the Leninist and quasi-authoritarian polities of Asia are the Western-style democracies. Making allowance for variations of type, one can place Japan, the Philippines, Malaysia, Singapore, India and Sri Lanka in this category at present, along with some of the new states and ministates of the Pacific (treating Australia and New Zealand as Western enclaves, not included in our analysis).

Several generalizations regarding Asian democracies are in order. First, the strong tendency has been that of a dominant party system, with alternation in national power via elections rare. Thus political competition has not produced serious in-

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stability, although shifts in control at regional and local levels within the country are more common.

Second, the role of the key leader has been supremely important. His personality, his political style and his policies make a vital difference, notwithstanding the substantial power of the more permanently entrenched bureaucracy. East or West, our times put a premium upon the individual at the apex of the political pyramid. His task is to discern the requirements for the society and then to activate citizens and officials to pursue the goals established. The precise traits required will vary with the culture and circumstances of each country, but contrary to the views of theorists of the past, specialization and the heightened authority of bureaucracies have not lessened the need for effective political leadership. On the contrary, leadership is frequently the central variable determining success or failure.

Finally, despite rhetoric to the contrary, democracy in its Asian variations does not necessarily represent the culmination of a nation's political evolution, providing a political system fixed in perpetuity. We have witnessed numerous movements away from parliamentarism and the politically open society. Note the brief martial law era imposed by Indira Gandhi in India, the much longer period of authoritarian rule under Ferdinand Marcos in the Philippines, and the collapse of parliamentarism at earlier points in Burma and Indonesia, among other societies. One of the chief threats continues to be the profound racial, religious and geographical cleavages that abound throughout contemporary Asia. When freedom represents a license to manifest powerfully divisive prejudices, it jeopardizes the very existence of the state.

How do these generalizations apply to the current Asian democracies? Unquestionably, Japan is the most stable democracy in the Pacific-Asia region. Some observers have challenged the description of Japan as a democracy, arguing that since power has not alternated via elections in decades and since officials rather than elected politicians dominate policymaking, it would be more accurate to refer to the country as an authoritarian-bureaucratic state.

Whatever the insights of this argument, it minimizes the fact that the Japanese people regularly have a political choice between widely differing parties under conditions of complete political freedom. Moreover, while career officials continue to play a vital role in the decision-making and implementation

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process, private interest groups—and even public opinion as measured in polls—are increasing in influence, as suggested earlier. This heightens the importance of the professional politician. The basic determinant of the Liberal Democratic Party's dominance, moreover, has been the success of its policies. Given the uncertainties that lie ahead for Japan both at home and abroad, the possibility of greater political instability in the years ahead cannot be foreclosed. But if competition within the present political groups is to sharpen, the primary alternative—the Japan Socialist Party—will have to acquire a degree of realism hitherto absent, and cease to relish its role as the permanent opposition.

In the Philippines, democracy is being given a second chance, operating with the assets of a deeply sincere, honest leader and a people who have had lengthy experience with electoral politics. Yet everyone recognizes that the economic and social problems of this nation are huge and not susceptible to quick or easy solutions. Both the will and the way to basic reforms must be found, and in time. Moreover, there is little likelihood that those groups who are committed to operating outside the democratic framework will change their strategies. In addition, the long years of martial law have greatly increased the power of the military, making it available if chaos threatens or democracy proves unable to cope. Thus the present Philippine experiment acquires an importance for the region of more than symbolic significance.

Singapore and Malaysia, each in its own way, underline the degree to which leadership makes a difference, especially in newly created nations. Lee Kuan Yew showed consummate skill for many years in guiding a predominantly Chinese city-state existing in the midst of a Malay sea. His magnetic personality—authoritarian, colorful and brooking no nonsense—backed by forward-looking policies, provided a needed tutelage. Sadly, Singapore has advanced beyond Lee. His cranky paternalism no longer suits a people grown to greater political maturity. There comes a time in politics to go, and it is the perennial problem that others, but not the principal, recognize that time. Lee's successors are in place, and some of them, including his son, are competent individuals. When will they get the chance?

Malaysia from precarious beginnings developed remarkable stability, partly because it enjoyed a succession of nonthreatening, consensus-building leaders. They were able to unite

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Malay and Chinese moderates into a dominant coalition, one that supported racial coexistence and rational economic policies. Dangers were never absent given the near equal racial balance. The Chinese had to accept certain restrictions relating to opportunities for higher education and governmental service in exchange for economic primacy and personal liberty. One major racial outbreak occurred, and resentments continued within both principal racial groups. On balance, however, the system worked.

Today, apprehension is warranted. Race relations, far from improving, are deteriorating. In Prime Minister Mahathir Mohamad, moreover, the nation has a confrontational leader who has been unable to preserve a consensus even among the moderate Malays. The Chinese part of the ruling coalition has also been plagued with leadership problems. An upswing in the economy would of course help, but alone it will not suffice.

Throughout Southeast Asia—and in the Pacific island states also—racism is rampant. The deep cleavage between Chinese and Malays has just been noted, but there are other serious fissures—between Burmans and such hill people as the Shan and Kachin; between Thai or Lao and Hmong; between Indonesians and the Melanesians of West Irian—the list is endless. Nation-building has a very long way to go throughout the region, and various prejudices will long outlive present generations.

The same situation, with at least equal complications, plagues the South Asian democracies. Indian democracy must be regarded as a tribute to both British tutelage and the capacities of successive Indian elites to maintain the ideas bequeathed them. This vast, heterogeneous society lacks many of the requisites commonly assumed necessary for a successful democracy. Too large, too poor and too diverse, India has nevertheless retained parliamentarism for more than four decades with only one interlude despite recurrent crises. Why? Various reasons can be assigned: the continued commitment of the political elite, from Congress to Communist; the coexistence of a single national party and diverse regional parties speaking for separate local constituencies; the innately secular quality of Indian culture, despite the importance of religion throughout the society; and the subordination of the military to civilian leadership, product both of tradition and training.

No one can doubt, however, that Indian democracy faces continuous challenges and remains in jeopardy. The line be-

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tween beneficial regional autonomy and harmful separatism is constantly being tested. Religious and linguistic divisions, together with other manifestations of distinct subcultures, result in open conflicts that undermine stability. The question is recurrently asked: Can India afford Italian-style politics? Economic divisions grow even as the society spawns a broad, new "middle class" that is politically more active. It is not surprising that Rajiv Gandhi is in trouble today. But anxiety regarding his ability to lead India is warranted. The honeymoon is over, and he has not yet been able to garner able advisers, reshape the doddering Congress Party or implement some of the key policies that he once boldly proclaimed. Excuses can be offered, but they will not suffice unless improvements in his performance are forthcoming. As at a critical point in his mother's career, Rajiv Gandhi and, in larger measure, Indian democracy face troublesome times. Nevertheless, the likelihood is that the latter will survive even if the former does not.

Meanwhile, in nearby Sri Lanka a tragedy wends its inexorable way. Racial strife tears the state apart as two ethnic groups, disproportionate in size but with a historically inverse economic position, engage in a savage struggle. Political separatism is understandably unacceptable to the Sinhalese majority, yet many of the Tamil minority have long been dissatisfied with their political position as well as their social status. With a vast Indian hinterland geographically (and emotionally) behind them, the Tamils' most militant leaders demand triumph or death. Democracy can operate only very partially under such circumstances.

IX

In any survey of the Asian political panorama, these broad trends stand out. First, the accelerating socioeconomic revolution has presented challenges to each of the three political systems currently operating within the region. The Leninist states, however reluctantly, are being forced to move from rhetoric to practice in permitting more meaningful public participation in politics and greater openness in the society at large. In the years ahead, they will move from imperfect totalitarianism to join the ranks of the authoritarian-pluralist societies.

The latter states will generally continue a process already under way from military to civilian rule, from restricted to more open politics of the parliamentary mold. However, not

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all experiments of these types will be successful, and the pace of change will vary greatly. Even in those situations where democracy is successfully institutionalized, moreover, a dominant party system will usually be preserved by one means or another. In very few settings will elections precipitate power changes in the near future.

The current democratic states, as noted, are by no means immune to change, especially if social tensions produce prolonged violence or if a failure of leadership opens the door to government by fiat. Economic trends represent another crucial variable.

Abrupt systemic change, however, will be the exception rather than the rule. For the most part, political revolutions of the classic type—whatever their direction—are over in Asia. The coming revolution, as indicated, lies in accelerating socioeconomic change. While this can and will affect politics significantly over time, most political changes will be evolutionary.

Without exception, leadership will remain a critical variable in the political equation. Political institutionalization will be a slow process; and even where new institutions take root, individuals who can personalize complex issues, who possess the talent to capture the public's imagination and the wisdom to sense the essential needs of their society, together with the political acumen to pursue these effectively, will spell the difference between success and failure. Ours is an age that will continue to lean heavily upon charismatic leaders.

Meanwhile, a process of stretching governance will continue in Asia as elsewhere. On the one hand, increased attention will be given to expanding the rights and responsibilities of localities and regions, with the recognition that capital-centric policies do not suffice to build a strong nation. On the other hand, a network of regional organizations beyond the nation-state will be strengthened despite various obstacles in order to give greater voice to individual units and to tackle problems beyond the capacity of a single state.

X

This latter development bridges domestic and foreign policy, and leads to the third set of issues confronting Asia today. How should one nation relate to others? By what means does a state—and particularly a state preoccupied with developmental problems—safeguard its security, obtain the necessary economic and technical assistance, and make certain in other

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respects as well that it is a part of global "progress" rather than being left in the backwaters?

One of the most pronounced trends within the Pacific-Asian region in recent times has been the emergence of regionalism. ASEAN has been joined by the South Asian Association for Regional Cooperation (SAARC), the South Pacific Commission and the South Pacific Forum. Even in Northeast Asia, where political circumstances preclude a formal organization, a soft regionalism—primarily economic in character but possessing political and strategic components—with Japan its vortex has come into existence. These regional units, moreover, are buttressed by the activities of the Asian Development Bank, the World Bank and, at the international level, the General Agreement on Tariffs and Trade as well as a host of wholly private undertakings.

By such means new states long separated by different colonial experiences are becoming acquainted and confronting common problems. Not all is or will be sweetness and light. Both similarities and differences within regional groups present difficulties. ASEAN, for example, has made limited progress in achieving common economic measures despite some recent hopeful signs. The continuing suspicion of Japan by both South Korea and China poses a serious obstacle in Northeast Asia. India's insistence upon the prerogatives of a major state in South Asia represent a constant irritant to other participants in SAARC. At some point Indonesia could create similar anxieties within ASEAN, although Jakarta has been very careful thus far to avoid cause for suspicion. The special problem of Vietnam and its drive for hegemony over Indochina has been a source both of unity (ASEAN) and division (Southeast Asia as a whole).

Nonetheless regionalism, both in terms of specific subunits and the entire Pacific-Asian area, is the wave of the future. Implicit in this fact is a process of "Asianization"—namely, the development of ever more complex, integral relations among and between the Asian states themselves, apart from external involvements. Some of these relations are hostile, portending long-term tensions (many of which were previously suppressed by colonial rulers). Most are benign, with cooperation on many fronts taking place. These developments, it should be emphasized, do not signal the advent of an exclusivist Pan-Asianism. Asia, now and for the future, is inextricably linked to the larger world of which it is a part. Its economic, political and strategic

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ties with the rest of the world, including the superpowers, are indispensable.

The latter fact, however, is a matter of continuous reexamination in the midst of certain changes affecting international relations on a global scale. The evidence is now overwhelming that the major powers without exception must give prior attention to serious domestic problems, social as well as economic, that will not wait. This requires a lower-risk, lower-cost foreign policy, and the great powers, including the United States and the U.S.S.R., are moving in that direction, albeit in the uneven fashion that always characterizes major transitions. Only Japan, with its low profile of the past and its phenomenal advances in national power, is being pressured to move along an opposite course. But the resistance within the Japanese public to increasing foreign policy risks and costs, as we have suggested, is testimony to the difficulties encountered in effecting this policy.

Under these circumstances the major states must necessarily be more cautious in making commitments of a security as well as of an economic nature. Traditional spheres of influence, to be sure, may well engender firmer commitments. The Soviet Union will not abandon its special position in Eastern Europe. The United States can be expected to become more rather than less concerned about Central America and Mexico as troubles mount in this region. China will not forget its interests both with respect to the Korean peninsula and Southeast Asia. And there may well be "special emergencies" where risks (vis-à-vis minor states) are taken, such as in the Middle East. Yet the Guam Declaration of 1969 is symbolic of a new age. In that declaration, it will be recalled, the United States couched its commitments to Asian allies with caveats: air and sea support but not large ground forces; defense against external aggression but not involvement in civil wars. Other major states have issued no such explicit pronouncements, but from the very travails that have beset them (the U.S.S.R. in Afghanistan), the trend obtains reinforcement.

The United States and the Soviet Union are not the only large states readjusting their policies. Note the major alteration in Chinese foreign policy during the early 1980s. Previously, Deng Xiaoping had called for a global alliance against Soviet hegemonism, an alliance in which China would play its role. After national priorities were focused upon economic modernization, however, China shifted to a proclamation of nonalignment. Political identification was again sought with the Third

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World. Such a course currently serves China's national interests. But official pronouncements must not be taken literally. China's nonalignment is distinctly tilted, and the tilt is toward Japan and the West, especially the United States. Despite criticisms and complaints, China counts on the advanced industrial world, whether the measurement be economic, cultural or strategic. This should not be surprising. With its two principal concerns being security and development, China's foreign policy necessarily looks to Japan and the United States for assistance. While an additional aim is to reduce tension with the U.S.S.R.—and Sino-Soviet relations can be expected to improve, particularly if the Indochina and Afghanistan conflicts can be resolved—geopolitical factors will impose continuous limitations. Ten years from now, Sino-Soviet relations will be normal but not trusting or intimate. The two empires, differing greatly in culture, stage of development and degree of power, will continue to press against each other, with no buffer state system to separate them.

Japan will strengthen its economic role regionally and globally, creating the most genuinely international economy among the major states. But the picture of Japan as a key political-military actor in the Pacific-Asian region by the end of the century is greatly overdrawn. The inhibitions within Japan to any such course remain truly formidable, notwithstanding the growth of a new nationalism. The Asia of the 1980s, moreover, is not the Asia of the 1930s. Japan's role is destined to follow a unique course without precise parallel. Policies will continue to be governed largely by market opportunities, with the private sector taking the lead, although in various situations the government will use its economic instruments for specific political purposes.

Since U.S.-Japan relations rest fundamentally upon economic interdependence and strategic dependence, they will survive current and future storms.

Japan's relations with the U.S.S.R. will be strongly influenced by the fate of Soviet domestic reforms, but even under the best of circumstances they will be restrained for the foreseeable future. A century of hostility cannot be quickly dissipated, especially with a territorial issue unresolved and the existence of a massive, close-in Soviet military presence. Japanese-Soviet economic relations, however, will grow, and under certain conditions they could become highly significant.

Sino-Japanese relations will be more meaningful, especially

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in the economic sphere, but here too, reservations will continue to be present on both sides. Japan would prefer a slowly developing China. China worries about Japanese-style Gaullism.

What is the logical response of the less powerful Asian states to these broad trends among the major nations? The propensity for regionalism has already been noted. In addition, the general direction will be from alliance to alignment. Just as the commitments of the large states will be more conditional and in certain respects more limited, so the allegiance of the minor states will be less absolute. The trend is already well established. One has only to look at the current alliance structures headed by the United States and the Soviet Union respectively, East or West. With rare exceptions, the quotient of independence within diverse bilateral and multilateral relationships has expanded, in some cases in such a fashion as to change the very nature of that relation.

In sum, the old, largely exclusive alliances are undergoing fundamental alteration, with implications difficult to exaggerate. In-depth consultations, consensus based on compromise and multifaceted contacts—official and unofficial—extending across ideological-political lines are enroute. Developments in the Pacific-Asian region give eloquent testimony to these facts.

XI

On balance there is reason for cautious optimism with regard to the future of Asia. The basic ingredients for development are present or being acquired: second- and third-generation post-revolutionary leaders willing to place the highest premium upon domestic development, not greatly troubled by ideology; a growing number of trained managers and skilled workers in both the public and private sectors; and a rising appreciation of the importance of working with, rather than against, human nature—hence a renewed emphasis upon the market and grassroots development.

The advantage of pragmatic approaches to political issues deserves special emphasis. Rigidly ideological views have lost ground, making compromise easier. Deep-rooted ethnic, racial and regional tensions constitute a worrisome factor and, as has been indicated, these may be intensifying rather than diminishing in some states. This weighs heavily on the negative side of the ledger. Moreover, certain of the basic rules that govern the successful operation of a politically open society must be

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learned. They are not indigenous to the cultures of Asia. In any case, each society will adapt its political system to its own needs and nature. On balance, however, the odds favoring a largely peaceful evolution are lengthening.

Security issues must be viewed in their multiple dimensions. The gravest threat in most cases will come from internal conditions. A government that loses its legitimacy presents a target of opportunity both at home and abroad. No doubt terrorism and small wars in their many forms will be with us for the indefinite future. Violence will remain very much a part of the Asian scene, fed by unresolved—in some cases unresolvable—social and economic problems as well as the irrational actions of political contestants. But the risks of a large-scale conflagration in the region are lower than at any time since World War II. A preoccupation with unprecedented domestic challenges affects foreign policies everywhere. Moreover, a recognition that large wars can no longer be won is almost universally acknowledged by those in a position to start them.

It is to be hoped that we are entering a period when major power cooperation can be extended beyond arms limitations to the type of concerted action necessary if localized or regional trouble spots are to be eliminated or contained. In Asia this points to the need for sustained efforts to work cooperatively on the tensions of the Korean peninsula, the Philippines, Indochina, Afghanistan, Sri Lanka, and Indian relations with Pakistan and China. Not all of these problems, to be sure, are susceptible to useful external cooperation, but in the majority of cases such an approach holds promise.

Despite the unresolved problems, the war clouds that hung over major state relations during most of the last century have greatly lessened in the Pacific-Asian area. Asia will enter the 21st century without the awesome threats that accompanied the dawn of the twentieth. This condition will permit greater attention to the issues of social, economic and political development, utilizing the abundant talents in this extraordinary region.

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Susan Kaufman Purcell

THE CHOICE IN CENTRAL AMERICA

The controversy over Nicaragua took a dramatic turn in early August. It had seemed as the Iran-contra hearings ended that the issue of aid to the Nicaraguan resistance would be the dominant debate after Labor Day, as the White House and Congress confronted the September 30 deadline when aid for the rebels would lapse. The Administration, exploiting the temporary increase in popular support for the rebels after the testimony of Lieutenant Colonel Oliver North, had planned to submit a request for $150 million over 18 months. A major showdown loomed.

Then, suddenly, the focus shifted to the diplomatic dimension with the surprise announcement by the White House on August 5 of a new American peace plan, drawn up by Speaker of the House James Wright (D-Tex.). Two days later, however, the five Central American presidents, meeting in Guatemala, in effect rejected the Wright proposal and signed a treaty of their own—a modified version of the initiative launched last February by Costa Rican President Oscar Arias. The Reagan Administration gave the initiative its tentative support, but it was clear that many serious questions would have to be addressed and resolved by the Central American signatories as well as by Washington.

From the outset the United States has maintained that its aim is a peaceful settlement, in a regional context, that advances the prospects for democracy and protects the interests of the Nicaraguan rebels as well as the strategic interests of the United States. The leverage to achieve these aims has been U.S. support for the Nicaraguan resistance movement and the determination of the Administration to resist a settlement that left the Sandinistas with undiminished political power.

Washington faces a potentially long and difficult process to

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achieve these goals. Peace in Central America is by no means assured; it will depend on the resolution of a number of significant ambiguities in the revised Arias plan. It will also depend on the political temper in the United States, and, in the end, on whether there are any alternatives to the new course that was inaugurated August 7 in Guatemala City.

II

The initiative of the five Central American countries is the culmination of over four years of efforts by Latin American governments to find a diplomatic solution to the Central American conflict. During much of this period, a negotiated settlement was synonymous with the Contadora process led by Mexico, Colombia, Venezuela and Panama. A stalemate had developed after the last Contadora draft treaty, presented in June 1986, was rejected by the Central American countries. This draft had remedied some of the flaws of earlier Contadora proposals,[1] but there were still many serious problems unresolved.

The 1986 Contadora draft contained detailed procedures for implementation and verification. But its main provisions did not take effect simultaneously; some entered into effect upon signature, others upon ratification (for which no time limit was set), and still others became effective upon implementation of the treaty or after negotiations for which no deadline was specified.

The Contadora treaty, for example, would have required the United States to stop funding the Nicaraguan resistance immediately and to remove its military installations from Honduras within weeks after the treaty was signed. But Nicaragua would not even have had to begin negotiating reductions in weapons and troop levels until after the treaty had been implemented. During this period, the Sandinistas could have further consolidated their hold over Nicaragua while the resistance, deprived of foreign support, would probably have found it difficult to survive.

The Contadora provisions dealing with political matters were totally open-ended. The parties to the treaty were called upon to adopt measures to establish or improve democracy, to promote national reconciliation and to guarantee full respect for

[1] For background on the Contadora process, see my article, "Demystifying Contadora," *Foreign Affairs*, Fall 1985, pp. 74–95.

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human rights, but no time frame was established. Furthermore, national reconciliation and democratization were dealt with in far too general terms. A signatory, for example, could have construed Contadora's national reconciliation provision as requiring talks between incumbent governments and armed opposition movements or only between governments and unarmed opposition groups. Democratization could have meant "revolutionary democracy," the Sandinistas' definition of the current political situation in Nicaragua, or a parliamentary democracy.

The biggest problem with the 1986 draft treaty, however, was that it did not say what would happen if the parties to the treaty violated it. No sanctions—diplomatic, economic or military—were envisioned. This probably reflected the difficulty that most Latin American governments seem to have in siding with the United States against a Latin country, something they would have been obliged to do if Nicaragua violated the treaty.

As a result of these defects Costa Rica, Honduras and El Salvador refused to sign; the Guatemalan refusal was less categorical, in keeping with Guatemala's policy of "active neutrality." Nicaragua reacted more favorably, although making clear that it would never talk with the Nicaraguan rebels. It also insisted that the United States, but not the Soviet Union, Cuba or any other foreign power, sign a protocol agreeing to abide by the provisions of the treaty.

In general the Contadora draft treaty served the Sandinistas' interests well. The two biggest obstacles to their continued consolidation of power are the armed resistance movement and the United States. The 1986 draft would have neutralized both threats upon signature and would have asked little of Nicaragua until much later. At the same time it would have uncoupled the still politically fragile new democracies of Central America from the United States' security umbrella, leaving Nicaragua indefinitely as the strongest military power in Central America.

III

The stalemate over Contadora led to a new initiative by President Arias in February 1987. His plan was also prompted by uncertainty over the repercussions of the Iran-contra scandal on U.S. policy in the region, and by the continuing stream of Nicaraguan refugees into Costa Rica.

In contrast to the Contadora treaty, which consisted of nearly

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50 single-spaced pages of provisions, the original Arias initiative was short. It provided for a general amnesty within 60 days of signing and for talks between incumbent governments and unarmed internal opposition groups. It called for a cease-fire upon initiation of such dialogues. Upon signature, the Central American countries were to request that foreign governments providing overt or covert military aid to irregular forces and insurgent groups operating in Central America suspend such aid. The Central American governments were also to request the irregular forces and insurgent groups operating in the region to refrain from receiving such aid.

The five Central American countries were to prohibit the use of their territory by persons or groups seeking to destabilize neighboring governments and to refuse to provide them with, or allow them to receive, military or logistical support. Within 60 days of signature, negotiations for the reduction of weapons were to begin. These negotiations were also to cover measures for the eventual disarming of irregular forces operating in Central America. A follow-up committee was to supervise and verify compliance. Finally, the Central American presidents were to meet in Guatemala within six months of signature to evaluate progress made under the initiative.

The real innovation of the original Arias plan was the priority given to democratization and the detailed provisions for its creation. The initiative called for the launching, upon signature, of "an authentic democratic process." Within 60 days of signature, freedom of television, radio and the press were to be established and censorship was to be removed. There was to be freedom of association, including the right to hold public demonstrations and to organize political parties. Freedom of expression, including the right to publicize ideas orally, in writing or on television, was also to be implemented.

There were several provisions concerning elections. During the first six months of 1988 members of a Central American parliament were to be elected. Elections for national and local officials, including each country's president, were to be held according to schedules established in the respective constitutions. In the case of Nicaraguan presidential elections, this would have been 1990 at the earliest.

The Arias initiative put considerably more emphasis than Contadora on the importance of democracy because the Central American governments believe (as does the United States) that their future security depends on Nicaragua's becoming

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democratic. This view is particularly true of Costa Rica, which is not only strongly democratic but militarily defenseless. But all also believe that a Nicaraguan Marxist-Leninist regime tied to the Soviet Union and Cuba will continue to threaten them with subversion. They further believe that the threat from such a regime will prevent them from attracting needed capital from abroad and achieving their economic development goals.

A recent survey conducted in Costa Rica, Honduras, El Salvador and Guatemala by the Costa Rican affiliate of Gallup International provides more graphic detail of these countries' views:[2] strong majorities in all four countries believe that the Sandinista government represents a minority of the Nicaraguan population. Most think a majority of Nicaraguans favor the Nicaraguan resistance. At least 75 percent of respondents in all four countries express unfavorable opinions of Nicaragua, while at least 70 percent in all four countries describe Nicaragua as an instrument of Cuba and the Soviet Union. Eighty percent see Nicaragua as a threat to the region. Seven in ten Costa Ricans and Hondurans believe Nicaragua is trying to weaken their respective governments, as do nearly two-thirds in El Salvador. Large majorities in all four countries claim it will be better for Nicaragua if the resistance wins and better for their own countries as well. More than two-thirds of the respondents in all four countries are aware of and approve of U.S. aid, both military and nonmilitary, to the Nicaraguan resistance. Finally, between 54 and 69 percent of those interviewed believe that if the resistance movement were to gain power, it would hold free elections in Nicaragua and establish a democratic government there.

A major problem with the original Arias proposal was its sacrifice of the Nicaraguan resistance to an open-ended process of negotiations. Aid to the rebels was to end immediately while Soviet-bloc aid to the Sandinistas could continue uninterrupted and unlimited. The rebels had to accept the terms of a cease-fire declared by the Sandinistas, not negotiated with the rebels or representatives designated by them. The Sandinistas, in contrast, would not have had to implement democratic reforms until 60 days later. And they might never have had to reduce their military buildup or dispense with foreign military advisers

[2] The survey, sponsored by the USIA, was conducted in January 1987 by Consultoria Interdisciplinaria en Desarrollo, S.A. USIA, Office of Research, Research Memorandum, May 7, 1987.

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since the plan only specified when negotiations were to begin, not when they were to end. Procedures for verification were so lacking in detail that they were nonoperational. Finally, as with the Contadora plan, there were no provisions for sanctions if the agreement were violated.

President Arias had not consulted the presidents of Honduras, El Salvador and Guatemala in drawing up his proposal. Their reactions were mixed. They liked the idea of a Central American peace plan; they felt that the Contadora countries, especially Mexico, the most active country of the group, did not take seriously the threat posed by the Sandinistas to the region. But they were unable to unite behind the vague security provisions of the Arias plan. El Salvador, which has a serious guerrilla threat, was most concerned, yet even it did not reject the plan. It insisted only on briefly postponing the meeting of the Central American presidents in order to allow time for the Central American foreign ministers to discuss the proposal first among themselves.

President Arias acknowledged that his plan needed work. He said that he had put it forward to get the peace process moving again, and to test once and for all the Sandinistas' willingness to democratize. When asked what would happen if the Sandinistas did not carry out democratic reforms, he replied that the world would then know what the Sandinistas were really like. President Arias' position was apparently not shared by his own foreign minister, Rodrigo Madrigal Nieto, who reportedly believed that the initiative aligned Costa Rica too much with Guatemala's posture of "active neutrality" toward Nicaragua, and that Costa Rica's interests were best served by siding with El Salvador and Honduras against Nicaragua.[3]

Even before seeing the original Arias proposal, Nicaragua labeled it an imperialistic ploy of the United States and "a direct act of sabotage against the Contadora negotiating process." Once the Sandinistas read the text and realized that the United States and some of the Central American countries had problems with it, they reversed their position and said they were willing to discuss it.

[3] Arias, interviewed by Michael Kramer, in *U.S. News & World Report*, June 1, 1987, pp. 39–40; Madrigal in *Financial Times*, June 25, 1987, p. 4.

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IV

On August 5, the day before the five Central American presidents were scheduled to meet in Guatemala City to discuss the Arias proposal, President Reagan endorsed a new peace plan written by Speaker of the House Wright. It drew heavily upon the original Arias proposal in its emphasis on democratization, but it attempted to correct what the United States regarded as the weaknesses of the Arias initiative.

The U.S. plan provided for a negotiated rather than a declared cease-fire, to be verified by the Organization of American States or another international observer group. The Sandinistas would not have to negotiate directly with the rebels, only with "representatives" acceptable to them. During these negotiations, to be completed by September 30, the rebels could remain inside Nicaragua. Once a cease-fire was negotiated, however, the United States would have to suspend military but not humanitarian assistance to the rebels. The United States would also suspend its military maneuvers in Honduras, and Soviet-bloc military aid to the Sandinistas would be terminated at the same time.

Under the Reagan/Wright plan the Sandinistas would have to rescind the emergency law and restore civil rights. They would also have to establish a timetable for new elections, grant amnesty to the rebels and guarantee their right to take part in Nicaraguan politics. The United States would then lift its economic embargo of Nicaragua and allow Managua to participate in economic assistance and trade programs.

The Reagan/Wright plan differed from the Arias plan mainly in its desire to ensure that the Nicaraguan resistance survives intact in case negotiations fail. This explains the shortened deadline for completion of negotiations and the provision for a negotiated cease-fire acceptable to the rebels rather than one imposed by the Sandinistas. Finally, by requiring a cut-off in Soviet-bloc aid to the Sandinistas, the Reagan/Wright plan tried to maintain the existing military balance between the Sandinistas and the armed resistance, in contrast to the original Arias plan, which would have disarmed the rebels but not the Sandinistas.

President Reagan probably had several reasons for offering a U.S. peace plan when he did. In the wake of the Iran-contra hearings he had to rebuild his political position. Unless he did so, the chances of Congress' approving additional aid for the

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Nicaraguan rebels seemed slim. The fact that he was able to come to an agreement with the Democratic speaker of the House on a bipartisan plan that corrected most of the deficiencies of earlier diplomatic efforts made the endeavor all the more attractive. It must have seemed a no-lose situation. If the Sandinistas accepted his proposal, he would have moved toward a negotiated settlement that protected U.S. interests. If the Sandinistas rejected the U.S. proposal, which seemed probable since it required major concessions, Congress would find it more difficult to reject his request for additional aid for the rebels in the fall.

But the first reactions to the Reagan/Wright plan were mixed. American opponents of aid to the rebels called it a sham and a ploy aimed at trapping them into voting for aid to the resistance. The short deadline was criticized as highly unrealistic. The plan was also opposed from the right for abandoning the rebels, the feared outcome if no new aid was provided by the September 30 deadline; if this situation lasted long enough the resistance would cease to exist.

The Sandinistas, therefore, took great pains not to reject the plan and thereby play into President Reagan's hands. Instead, President Daniel Ortega said he was willing to discuss it, along with Managua's plan and those of Contadora and President Arias. He also reiterated his refusal to negotiate with the rebels and demanded bilateral negotiations with the United States. The rebels, in turn, said they supported the plan but had to be a party to any cease-fire negotiations. The presidents of El Salvador and Honduras reacted more warmly toward the plan than did their Costa Rican and Guatemalan counterparts.

Instead of working with the U.S. plan, however, the Central American presidents surprised the Administration by signing an amended version of the Arias plan. Like the original Arias initiative, the new plan provides for a cease-fire, talks between incumbent governments and the unarmed opposition only, an end to aid for the rebels, an amnesty, and steps for the democratization of Nicaragua. It does not call for new elections but allows each country to maintain its original electoral schedule—1990 for Nicaraguan presidential elections, as already noted. It also appears to ignore the principle of simultaneity by requiring an end to aid for the rebels before there is significant progress toward democratization. And, like the original Arias initiative, the new proposal does not provide for any penalties in the event of noncompliance.

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The new plan differs slightly from the original Arias plan by providing for a 90-day, rather than a 60-day, deadline before the signatories judge how well the various provisions are being implemented. There are no details on the mechanism for concluding a cease-fire; these and other matters would be worked out at a meeting of the Central American foreign ministers in late August. Then, 90 days after this meeting, the ministers are to meet again to assess progress on the cease-fire, the amnesty and internal democratization. If a cease-fire is negotiated, at that time all aid to the rebels is to end, as well as the use of other countries as sanctuaries. An international verification commission would meet in 120 days, and the Central American presidents in 150 days, to assess the implementation of these measures. A key issue is turned over to the Contadora group: negotiations regarding limitations on military force levels and the disarmament of rebel forces. These talks have no deadline for reaching agreement.

In sum, the plan seems more favorable to the Sandinistas than the rebels. At the beginning of the process the rebels give up all leverage, cease fighting and stop receiving aid, and take their chances in the political arena, but full democratization is deferred and no sanctions are mandatory if the process collapses later.

V

Why were all the Central American countries willing to sign a peace plan containing key provisions that some had objected to in the earlier Arias plan?

There are several possible explanations. The most important involves the decline in the power and prestige of the United States in general and of President Reagan in particular in the wake of the Iran-contra affair. This decline heightened fears, mainly in El Salvador and Honduras, that the United States would not be able to carry through on its commitments to them or to the Nicaraguan rebels. The Iran-contra hearings also showed the risks of working behind the scenes with the United States; no one could be sure that such assistance would not come to light.

The Central American governments therefore decided to adopt a more neutral posture in order to avoid antagonizing the Sandinista government, which looked like it would remain firmly in power. At the same time, the Central American leaders resented the fact that they had not been consulted or

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even informed about the Reagan/Wright plan, which took them by surprise and threatened to derail their meeting in Guatemala City. They might have found a way to accommodate the U.S. president, had he been stronger domestically and internationally. But in the aftermath of the Iran-contra affair, they strongly doubted President Reagan's ability to implement the U.S. plan.

The Sandinistas had different reasons for signing on at this point, which they did not have earlier. In February, when the original Arias plan had been presented, nearly eight months remained before President Reagan would have to confront Congress again with a new request for aid to the rebels. Entering into negotiations over the February Arias plan, therefore, would not have deprived the resistance of U.S. aid. By August the situation was very different. U.S. aid was scheduled to end on September 30. At the same time, the new Central American plan provided 90 days (i.e., until November 7), instead of the 60 days in the February plan, before the Sandinistas would be required to start implementing democratic reforms. As long as negotiations were in progress there was little chance that the Congress would consider additional aid for the rebels after September 30, particularly in the aftermath of the Iran-contra scandal. In the meantime, the odds were good that negotiations could be extended well beyond the 90-day deadline.

Definitions of key concepts in the agreement remained vague, procedures for implementation were unspecified, and too many different interests, groups and countries were involved in monitoring and verification. And of course, there were no provisions for automatic penalties in the event of noncompliance.

This explanation of Sandinista motivations will seem very wrong to those who believe that the Nicaraguan armed resistance is small, ineffective, unpopular and unable to hold its own against the Sandinistas. That may have been partially true before late 1986, when the $100 million in aid began reaching the rebels. Since then, the situation on the ground in Nicaragua has changed considerably.

VI

The Iran-contra scandal created the impression that the Nicaraguan resistance has been awash in dollars with little to show for the money. In fact, until recently, the rebels have

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received relatively little money and thus could point to only modest achievements. Since receiving better funding and training, their field performance has improved.

Legal U.S. government assistance equaled $24 million in 1983, $27 million in 1985 and $100 million in 1986. The 1985 funds could not be used for military purposes, while the 1983 and 1986 figures include both military and nonmilitary aid. Covert but legal funding was provided in 1981 and 1982. The exact amounts are not public knowledge, although the resistance had relatively few men at the time, making it doubtful that large amounts of money were involved. The illegal funds from the sale of U.S. arms to Iran that were the subject of the Iran-contra hearings totaled only $12 million. Evidence to date suggests that the funds mainly benefited middlemen, with no more than $4 million in supplies and services ever reaching the rebels. But another $30 million or so in secret funds from Saudi Arabia probably reached the rebels, as well as less than $4 million from private supporters.

Known aid to the resistance—totaling about $200 million since 1983—should be evaluated against the nearly $3 billion that the Soviet bloc started sending to the Sandinistas before the United States began its aid to the resistance. In 1986 the Soviet bloc provided the Sandinistas an estimated $850 million. The nearly $3 billion in Soviet-bloc aid has mainly been for military and military-related construction purposes. Soviet assistance to the Sandinistas has been uninterrupted and dependable,[4] in contrast to U.S. aid to the resistance, which has been erratic and unreliable.

In part because of the small amount of U.S. aid, the rebels had few military accomplishments to their credit until 1984 and 1985, when they succeeded in penetrating areas deep in the interior of Nicaragua around Boaco and Juigalpa. They continued to operate in the north and in the eastern region known as the Atlantic coast, home of the Miskito and other Indian groups who resisted Sandinista attempts to interfere with their traditional way of life. The rebels were able to

[4] Despite reports of a declining Soviet oil supply, the Soviets delivered 2.1-million barrels in 1986 and have promised to deliver the same amount in 1987, according to Henry Ruiz, the Nicaraguan cabinet minister who coordinates foreign aid. Moscow has, however, refused to provide additional oil to the Sandinistas to make up for a decrease in shipments from Eastern Europe. Western diplomats say Moscow is trying to force the Sandinistas to get oil from places like Venezuela and Mexico, but will ultimately supply more oil if the effort fails. *The Washington Post*, July 31, 1987, p. 18.

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operate in those regions because of widespread popular disaffection with Sandinista rule, which took the form of peasant support for the rebels and desertions from the local Sandinista militias into which they were forcibly recruited.

The arrival of helicopter gunships and transport helicopters from the Soviet Union beginning in 1985 tipped the military balance overwhelmingly toward the Sandinistas. First, the Sandinistas removed tens of thousands of peasants and Indians from the north and east and transformed these areas into free-fire zones. They then used helicopters to rapidly bring in troops

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who had been drafted from other regions and to attack the rebels from the air. At this time the rebels' resources were also dwindling, compounding their difficulties. Deprived of their peasant supporters and lacking air defense weapons as well as food, ammunition and air resupply, the rebels were forced to spend increasing amounts of time in their Honduran sanctuaries.

Another problem faced by the resistance was that the rebels lacked training to transform them from an unprofessional peasant army into a coordinated and effective fighting force and to sensitize them to the importance of respecting human rights. Training was also needed to create middle-level leadership so the rebels could operate in smaller fighting units that would be more mobile and less vulnerable to Sandinista attacks. Finally, the resistance needed sophisticated communications equipment to coordinate its maneuvers and to offset the Sandinistas' access to such technology.

The $100 million in U.S. aid that began to reach the rebels in late 1986 eased some of these problems. The resistance obtained air defense and other weapons, as well as communications equipment and supplies. The money was also used to set up and operate an aerial resupply system that allowed the rebels to enter and remain in Nicaragua without having to depend exclusively on overland and in-country supplies. This was particularly important given the Sandinista regime's use of the state security apparatus and centralized control over production and distribution, which posed enormous problems for a guerrilla movement seeking to "operate in the sea of the people."

The disbursal of the $100 million in U.S. aid has already produced visible results. Most of the rebels have now left their Honduran sanctuaries to join the 3,000 or so who never left Nicaragua, though how long they can remain there is an open question. There is still disagreement on the actual numbers; the U.S. government claims that between 15,000 and 16,000 are in Nicaragua. The Sandinistas acknowledge only 6,000.[5]

That the Sandinistas admit that even 6,000 rebels are inside Nicaragua, however, is significant. While the rebels were in

[5] On a per capita basis the rebel movement in Nicaragua is larger than the insurgency in El Salvador. Nicaragua has a total population of under three million, while El Salvador's population exceeds five million. There are an estimated 4,000–6,000 guerrillas in El Salvador, according to *The Washington Post*, Aug. 9, 1987, p. 23.

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Honduras, the Sandinistas said they lacked the courage and ability to fight, and claimed they could keep the rebels out of Nicaragua indefinitely. After the rebels began receiving the new U.S. aid funds, they fought their way through and around Sandinista troops. Now the Sandinistas maintain that, while the rebels are inside Nicaragua, they do not constitute a threat.

But recent trends must be of some concern to the Sandinistas. Rebel forces are not only in Nicaragua; they are in most of the country. Sandinista efforts to disrupt their resupply network have proved ineffective; 98 percent of the resupply flights have reportedly reached their targets. In part this is because new training and communication systems allow the rebels to operate in small groups typical of guerrilla warfare. This enables smaller and quicker air resupply, making the rebels less vulnerable to Sandinista attack.

The rebels have also begun to put the Sandinistas on the defensive by launching hundreds of attacks each month. In June 1987 alone, the Nicaraguan government admitted to approximately 372 rebel attacks and engagements. In the past few months, rebel activities have been reported in more than two-thirds of Nicaraguan territory, including the Atlantic coast region, the Bocay River Valley and the area west of it, and the central region stretching from Jinotega to Nueva Guinea in the south.[6] In fact, the only region where there have not been rebel attacks is the Pacific coast area immediately west and south of Managua. The resistance has also been dropping leaflets in areas around León and north of Chinandega, and pockets of resistance have been reported as close as a one-and-a-half-hour drive from Managua. Rebel forces also line both sides of the strategically important Rama Road, the main east-west artery for transporting arms and supplies arriving in Bluefields and nearby El Bluff from Cuba and the Soviet Union.

The resistance has also increasingly targeted electrical power grids, bridges, communications networks, fuel depots, roads and the like. Recently the rebels blacked out the Pacific northwest, and even deprived Managua of electricity for several hours.

[6] The figure of 372 is from a speech by Nicaraguan President Ortega. Ortega also said that military engagements with the resistance or acts of sabotage by the rebels had occurred in the following departments between June 5 and July 5, 1987: Jinotega, Matagalpa, Zelaya, Río San Juan, Nueva Segovia, Estelí and Chontales. Cited in *Foreign Broadcast Information Service, Daily Report: Latin America*, July 14, 1987, pp. I-9–11.

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The increased rebel activity has strained the Sandinistas' logistical capability. They have had to keep their helicopters in the air almost constantly, transporting troops from one battle to the next. This increases the risk of mechanical failure, and the rebels have already shot down or damaged seven helicopters according to U.S. government sources, since U.S. aid began arriving in late 1986. (The total number of Sandinista helicopters was put at 40–50 as of this spring, according to diplomatic sources in Managua.)

The dispersal of the rebels throughout Nicaragua has also made it more difficult for the Sandinistas to secure areas against rebel penetration. In the May-June fighting in the lower Bocay Valley, for example, the Sandinistas could only keep the bulk of their troops there three days after forcing the rebels to withdraw to avoid helicopter assaults. Sandinista battalions lacked food and water, and also needed to move west to offset rebel attacks there against roads, infrastructure and electrical installations. Their rapid departure allowed the rebels then to continue building up their strength in that area. In earlier battles, by contrast, the Sandinistas had been able to keep several battalions in place for weeks. The Sandinistas have not been able to score any major military victories; nor have they taken many rebels captive or captured significant quantities of weapons or ammunition. Each side usually claims that the other has sustained more casualties; actual figures are difficult to ascertain because the Sandinistas have declared many war zones off limits to reporters.

Perhaps the best indication of the progress the rebels have made inside Nicaragua is the fact that the Sandinistas have had to remove forcibly over 100,000 peasants from areas where the rebels are operating in order to deprive the resistance of popular support. In the south, for example, where the conventional wisdom is that the rebels have not made much headway, the Sandinistas have forcibly removed over 6,500 peasants from the Nueva Guinea area. The head of the independent Permanent Commission on Human Rights estimates that about 160,000 individuals were moved by the government this year alone, a vast increase over the approximately 8,000 who were forcibly relocated in 1983 and 1984.[7]

[7] The Nueva Guinea relocation figure is from *The New York Times*, June 13, 1987, p. 1. The commission's figures are from Ronald Radosh, "Nicaragua Revisited," *The New Republic*, Aug. 3, 1987, p. 22.

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Some of the popular support for the resistance is the result of Nicaragua's deteriorating economy. Inflation is expected to reach 1,000 percent by the end of this year. Basic consumer goods are unavailable to most people, who must endure severe rationing and endless lines to get the few items that are available. Unemployment is rising and the deteriorating situation in the countryside is forcing many peasants to move to Managua. In the capital, water is now available only every other day. The growing black market already accounts for approximately 60 percent of all economic activity, and the currency continues to depreciate. The official exchange rate in June, for example, was 70 cordobas to the dollar, but the black market rate was 7,500 to 8,000. Many of the economic problems result from government mistakes, such as economic policies that discourage peasants from producing.

The Sandinistas blame their economic problems on the fact that they must spend an estimated 40–50 percent of their budget on the war effort and to maintain Nicaragua's large military establishment. The latter includes an army of about 70,000 men and a militia of approximately the same size. Nicaragua's military buildup, however, began from the moment the Sandinistas and their Cuban military advisers entered Managua in 1979. It is intimately linked to the Soviet/Cuban kind of Marxist-Leninist dictatorship or "revolutionary democracy" that the Sandinistas, in their prerevolutionary writings, claimed they would set up once the revolution triumphed.[8] Nevertheless, the increasing rebel threat has caused the Sandinistas to devote ever more resources to the fight.

VII

The signing of the Central American agreement on August 7 produced an immediate euphoria. Four years of difficult negotiations had at last produced a diplomatic solution to an increasingly militarized conflict. Despite a growing realization that the road from signature to implementation is fraught with stumbling blocks, there is intense pressure to "give peace a chance." The United States, however, has to make some urgent decisions.

[8] See "The FSLN Program of 1969," "FSLN: 'Seventy-Two Hours' Document (September 1979)" and "Bayardo Arce: Secret Speech on Strategy and Tactics (May 1984)" in Robert S. Leiken and Barry Rubin, eds., *The Central American Crisis Reader*, New York: Summit Books, 1987, pp. 148–153, 218–227 and 289–297.

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First, of course, it must decide whether to enter into and assist the process initiated at Guatemala City. This will involve repeated political interventions with all the parties, especially the rebels. Assuming that this broad decision is taken, the next issue is how to guarantee that the rebels are allowed to participate, not only in the negotiating process, but also finally in the Nicaraguan political process. And this, in turn, depends on the handling of the question of aid to the resistance during the lengthy process of negotiations that is now beginning.

The United States cannot really be a passive observer. To do nothing until the November 7 deadline (by which time a cease-fire is to be in place, aid to the Nicaraguan rebels is to be terminated and democratic reforms are to be implemented by the Sandinistas) would in fact be to make some important and irreversible decisions—decisions that could destroy the resistance movement and allow the further consolidation of Nicaragua's Marxist-Leninist regime.

The negotiation process now under way could play out in a variety of ways. The most optimistic scenario is that everything would go according to definition and on schedule. Thus, a genuine cease-fire would be in place by or even before the November 7 deadline, aid to the rebels would end and they would begin to transform themselves into players in the Nicaraguan political process. How they would fare as a political force is difficult to predict.

One disadvantage they would face is their counterrevolutionary image. The Sandinistas were astute in labeling the armed opposition "contras"; the pejorative name has stuck. Many Nicaraguans who oppose the Sandinistas still believe that a rebel victory would bring back Somocismo without Somoza. The reason for this perception is that some rebel military leaders are former members of the National Guard, although their numbers have been wildly exaggerated. Charges that the majority of the resistance movement's rank and file are former National Guardsmen are patently false, though they continue to be believed by many.[9]

The political directorate of the resistance also has had a

[9] On the percentage of National Guardsmen versus Sandinistas in the Nicaraguan resistance movement, see Michael S. Radu, "The Nature of the Insurgency," in Mark Falcoff and Robert Royal, eds., *The Continuing Crisis: U.S. Policy in Central America and the Caribbean*, Washington: Ethics and Public Policy Center, 1987, pp. 411–432; and U.S. Department of State, Bureau of Public Affairs, "Documents on the Nicaraguan Resistance: Leaders, Military Personnel, and Program," Special Report No. 142, Washington, March 1986.

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negative image. In its early years, it was dominated by individuals identified either with the National Guard or with the Conservative Party. But its composition has steadily broadened and former supporters of the 1979 revolution now constitute the majority of the six civilians who form the directorate. These include Alfonso Robelo, a successful businessman who led an important civilian movement opposing Somoza; Alfredo César, a former Sandinista militant and head of the Nicaraguan Central Bank under the Sandinistas; Pedro Joaquín Chamorro, son of the slain editor of *La Prensa* who opposed Somoza; and María Azucena Ferrey, until recently a member of the opposition Social Christian Party inside Nicaragua and originally a collaborator with the Sandinista underground in the 1970s. The two more conservative members of the directorate are Adolfo Calero, a former opponent of Somoza who later became an opponent of the Sandinistas and the political head of the main resistance group, and Aristides Sánchez, a former member of Nicaragua's landholding elite who has spent a great deal of time with the rebel troops in Honduras and has gained support from some moderates. Whether they will be able to continue working together once they are allowed to enter the political process remains to be seen.

Another problem the rebels could face is the difficulty in convincing Nicaraguans of their nationalist credentials, given their close ties to the CIA and their dependence until now on continued U.S. support for their survival. The Sandinistas, although they are just as dependent on the Soviet Union and Cuba, have successfully managed to drape themselves in the Nicaraguan flag, as far as international opinion is concerned. Nicaraguans within Nicaragua, however, have not been so easily deceived. The rebels' CIA connection, therefore, may be offset by the Sandinistas' compromised nationalism.

It is impossible to know for certain what the Nicaraguan people really think about the Sandinistas or the resistance. Any opinions that have been expressed publicly to date are unreliable. They have been put forward in a political context of extreme repression characterized by a censored press, the suspension of basic democratic freedoms, the existence of thousands of political prisoners, and under the watchful eye of a Soviet/Cuban-style security apparatus. Only after a genuine democratic opening has begun will it be possible to get an accurate reading of public opinion.

What we do know is that there is tremendous latent discon-

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tent within Nicaragua. Some of it is due to the disastrous economic condition of the country, some of it is politically motivated. Whether such dissatisfaction would dissipate with the implementation of the kinds of domestic reforms envisioned in the Central American peace proposal cannot be decided by reference to precedents because none exists. Never before has a Marxist-Leninist regime agreed to institute truly democratic freedoms. And with good reason. The rulers of such regimes have feared the consequent loss of their monopoly of political power. This explains the strong pessimism of some observers regarding the likelihood that the Sandinistas will make the reforms called for in the Guatemala agreement. But it also explains the inability to predict with any confidence how the Nicaraguan people will respond to the participation of the rebels in a reformed political process.

What is clear, however, is that the treaty as written gives a big advantage to the Sandinistas. They do not have to hold presidential elections until 1990. The resistance must therefore sustain itself as an alternative political force for more than two years in a political system that will continue to be dominated by the Sandinistas.

The ultimate success or failure of the rebels will depend on what the United States is prepared to do on their behalf. The agreement is vague on the timetable for the implementation of democratic reforms. And there are already indications that "democracy" has a very different meaning for the Sandinistas. A high Sandinista official, for example, said on U.S. television soon after the agreement was signed that "democratization is the process that has been developing in Nicaragua since 1979."

Democracy admittedly is difficult to define precisely, but to paraphrase what a U.S. Supreme Court justice said of pornography, we know it when we see it. The United States must therefore make two things clear: the limits of its tolerance regarding definitions and implementation of democratic reforms, and its refusal to cut off aid to the Nicaraguan resistance until there are credible signs of a democratic opening in Nicaragua. Failure to take such a position would allow the resistance to be destroyed not only as a military force, but as a political force as well, thereby depriving the United States of leverage over the Sandinistas during the negotiating process and beyond.

There is a different scenario possible—that the peace process will break down before the November 7 deadline for a cease-

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fire. If that happens, the rebels must be in a position to resume their fight against the Sandinistas. For this to occur, the United States should ideally continue military and humanitarian assistance to the resistance until November 7, especially since the Sandinistas will be able to receive military and economic aid from the Soviet-bloc countries during that period and beyond. But the political reality is that the Sandinistas would break off negotiations if the United States continued to provide military assistance to the resistance. The United States would then be blamed for having sabotaged the agreement, thereby guaranteeing that Congress would refuse any additional military aid. A possible compromise would involve providing only humanitarian aid to sustain the rebels between the September 30 cutoff and the November 7 deadline. This would at least allow them to survive inside Nicaragua and preserve the option of resuming fighting in the event of a breakdown in negotiations.

The most likely scenario, however, is that there will be no clear-cut resolution by the November deadline. The main issues will probably still be under negotiation. Pressure on the United States would then be intense to extend the deadline and continue to postpone military aid to the rebels. This process, unfortunately, could drag on indefinitely. If so, it would ultimately destroy the resistance and leave the United States with little leverage to press Nicaragua to negotiate in good faith. The United States therefore needs to decide how to handle aid to the rebels even if negotiations are continuing, unless some tangible progress has been made by November 7 on the cease-fire and democratic reforms.

The United States thus must make some critical decisions, and soon. How they are made and implemented may well determine the fate of the new peace plan. The practical question facing the United States is how to preserve its commitment to the resistance as well as maintain its leverage during a negotiating process that may last six months or longer. This is an issue that cannot be left until November 7, when it will be too late.

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Pedro-Pablo Kuczynski

THE OUTLOOK FOR LATIN AMERICAN DEBT

The debt containment strategy designed in 1982 has run its course. In May Citicorp, the largest international bank lender both worldwide and in Latin America, announced the creation of an additional reserve of $3 billion—equivalent to almost one quarter of its loans to troubled developing country debtors, the bulk of them in Latin America. Other major banks promptly followed its example. These actions confirmed the end of the containment strategy, or at least its first stage. Thus far, no new scheme has taken its place. The question now is not only whether the big debtors in Latin America will pay, but also where the money will come from.

No long-term solution to the debt question is possible without a mixture of economic reform in the debtor countries and additional fresh capital, both of which are needed to revive economic growth. Both were important in the original debt strategy, but neither was forthcoming in sufficient amounts, despite considerable differences among debtor countries.

The coming year is likely to be one of major decisions as several debtor countries face fundamental choices. Brazil, which suspended interest payments on the bulk of its external debt in February, has to decide how to resume service. Mexico has to decide on the shape of basic national policies once a successor to President Miguel de la Madrid is announced in the fall of 1987. Argentina has to decide whether it should further intensify its effort at economic reform after two years of slow economic growth associated with the struggle against inflation and a growing budget deficit.

A scenario of a gradual economic "Albanianization" or autarky is conceivable if more highly indebted countries pursue

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unilateral defaults as have a few of the smaller debtors in Latin America and elsewhere. Following this path means that their economies would gradually become disconnected from the international financial system; credit would be difficult if not impossible to obtain, and foreign trade would be reduced to bare essentials. While the largest debtors—including Brazil, Mexico, Argentina, Venezuela and the Philippines—are quite unlikely to take this step, the creditors' financial systems are put under increasing strain with each default, manageable perhaps, but very costly in terms of eventual write-offs of loans and ensuing higher domestic credit costs.

Leadership in the industrialized world is now essential to convince governments and legislatures to support viable new plans and innovative financing mechanisms. Otherwise an opportunity will be lost and the damage to world trade, employment and international finance could be large and lasting.

II

The basic objective of the containment strategy begun in 1982 was for the major debtor countries, notably the larger economies of Latin America plus the Philippines, to continue interest payments on their external debts. In the absence of major capital inflows, the means was to build up large trade surpluses. These surpluses were achieved by tough austerity measures, including those recommended by the International Monetary Fund (IMF), which led to domestic economic recession for the debtors. The average decline in real personal incomes in Latin America exceeded ten percent over the last five years. However, there was no follow-up to the initial success of the containment operation; no new sources of capital flows were developed, export earnings of the debtors stagnated despite significant increases in volume, and sustained growth has not been rekindled.

The weakness of commodity prices, in the wake of a slow-growing world economy, is a key reason the debt problem lingers on. Of the major Latin countries only Colombia has avoided the debt crisis. Although the volume of exports from Latin America has gone up by about one quarter since the early 1980s, their value is lower. Today Latin America owes about $400 billion abroad, against exports last year of about $80 billion and perhaps $90 billion in 1987; before the crisis broke in 1982, Latin America owed $325 billion against average exports in 1981–82 of $94 billion. The relative debt

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burden has thus not declined, as a number of observers and officials had hoped in 1982. Only the sharp decline in international interest rates until 1986 has made the debt service manageable. As the upturn in interest rates in the first half of 1987 has once again made clear, however, the debtors remain highly vulnerable to these increases, since virtually the whole of their debt to commercial banks—three-quarters of the total—is at floating interest rates.

"Involuntary" or forced lending by the banks, lending carried out in order to finance part of the debtors' interest payments, was an important element of the original strategy. This lending declined sharply after 1984, however, as market obstacles increased. In most European countries, for example, each dollar of new lending to troubled debtors requires a mandatory reserve against possible future loan losses of part or the whole amount lent—a prescription that obviously constrains lending. In the United States bank stockholders have reacted negatively to significant lending exposure to Latin America. Smaller banks and even some larger ones have therefore done what they could to sell off their loans, if they could do so without too much of a loss. The volume of such sales has been relatively small—perhaps $8 billion worldwide in 1986 out of total international commercial bank exposure in Latin America of about $300 billion (including trade finance), of which about one-third belongs to U.S. banks. This trend to sell loans is accelerating in 1987, and the result is increasing discounts on the loans.

In sum, up to 1987 the commercial bank lenders gained time by making some "involuntary" loans to the debtors to avoid the danger of default, but also by gradually building up reserves against doubtful loans. They also increased their capital from other sources and in general strengthened their balance sheets against another rainy day. That day came on February 20, 1987, when Brazil, the largest debtor among the developing countries, announced it would not pay interest, for an indeterminate period, on the approximately $70 billion medium-term debt that it owed to international commercial banks, including $8 billion owed to Brazilian banks. (Short-term debt was excluded.)

The reaction of the banks was, predictably, one of concern. The 15 largest U.S. banks placed the loans on a nonaccrual basis, so that the income from interest cannot be counted unless actually received. Most major banks registered some first-

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quarter weakness in net income. Even though a special effort was made to establish a dialogue with Brazil, the collapse of Brazilian foreign exchange reserves made any rapid resolution difficult. Brazil may resume partial interest payments before the end of 1987, but full payment is unlikely for at least a year or two, until its reserves are rebuilt and the domestic economy is stabilized. Brazil is likely to use the resumption of interest payments as a strong bargaining weapon to negotiate easier terms for its bank debt.

Concern over the poor results of the debt strategy was already clearly visible in April 1987 at the regular semiannual meeting of the International Monetary Fund's Interim Committee, a kind of ministerial super-board. U.S. Treasury Secretary James A. Baker called on the commercial banks to develop a "menu of alternative new money options."

In retrospect, the fact that some lending continued, even though on a declining scale, was the real financial news. In the spring of 1987, after lengthy negotiations, commercial banks agreed to two large new loan packages—$6 billion to Mexico and $1.9 billion to Argentina, plus contingent credits in case outside economic conditions deteriorate. But the large reserve increases by all major commercial banks in the United States and several in Britain and Canada, coming on top of previous gradual increases, in effect puts a damper on further large general-purpose commercial bank loans to sustain the balance of payments of the debtors.

After Citicorp announced its $3 billion one-time increase in reserves against loans to troubled developing country borrowers on May 19, Chase Manhattan followed with $1.6 billion, BankAmerica and Chemical with $1.1 billion, and Manufacturers Hanover with $1.7 billion.[1] These large increases in reserves, which led to record losses that will in time be partially offset by a lower future tax liability, signaled the banks' decision to take losses in earnings now rather than at a possible future date when actual write-offs of loans might be necessary. Many observers saw the actions as an overdue acknowledgement that the service on the loans is unlikely to be paid in full.

These actions may well improve the banks' negotiating strength with the debtors—Citicorp's stock price rose the day

[1] As of late July 1987, 50 U.S. banks had reported reserve additions totaling $16.7 billion and second-quarter net losses totaling $12.9 billion. *The Wall Street Journal*, July 20, 1987, p. 2.

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after its announcement—but they do not change the basic ingredients of the debt question. The banks' actions do, however, clarify a number of changes that were already under way. The most important one is the greatly increased reluctance on the part of the banks to provide general-purpose balance-of-payments loans to troubled debtors.

From the point of view of the debtors, life is no easier. The banks' action does not change their obligation. Lenders may be more willing to consider interest concessions, but not necessarily. For the debtors, the increasing difficulties in obtaining new loans from commercial banks may well revive the temptation to default on interest payments, especially if fresh capital cannot be obtained from other sources. It is too early to judge whether large syndicated loans such as the recent ones for Mexico and Argentina can still be put together, but it is clear that an increasing number of banks with small and medium exposures will not want to participate.

Several results are likely to emerge, with implications both for the debtors and the creditor banks. First, each bank will increasingly look individually at its options, which will make it difficult to hold together the large syndicates of banks of the past. The administration of debt will thus become more complex. Banks will henceforth look to the so-called menu of new options, perhaps including a limited amount of new lending by the largest banks, but also conversions of debt to equity, notes or securities, and so-called exit bonds for lenders that do not want to provide new money.[2] A debt-equity conversion entails sale of a bank's loan at a discount; the proceeds are converted into the debtors' currency, usually by the buyer of the loan—such as a multinational corporation—and invested in that country at something approaching the original value of the loan, with the difference made up by the local central bank. The "menu" offers increased flexibility but does not go to the heart of the problem of providing fresh capital.

Second, credit decisions are likely to become even more concentrated in the larger banks, which in any case already hold the bulk of the debt. Therefore, the large banks will be in a position to be firmer in their negotiating positions, both because of their increased reserves and because of the reduced

[2] The "exit bond" idea is not yet a marketable option: only a few of the 360 banks in the Argentina syndicate availed themselves of the option. The discount on the exit bond was too large and small lenders felt they could do better on their own.

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number of players. The reserves may make it possible for U.S. banks to look into new formulas such as partial capitalizations of interest, which would have been too costly for them to contemplate before they created the additional reserves.

The banks' action could thus lead to more complex negotiations, but with the possibility—as yet untested—of greater flexibility. In my view, most of the options on the "menu" that may be available to banks are likely to result in less fresh money from them than in recent years, when it was already difficult to obtain. It is quite unlikely that the larger banks would be willing to shoulder the additional burden caused by the refusal of smaller lenders to participate.

Creating substantial reserves strengthens the banks' financial position, but the banks still need to shore up their own finances further. The reserve levels now reached, including the reserves gradually created in the past, are in the range of 25 to 30 percent of the total loans to most of the major debtors, and are comparable to those achieved over several years by most European banks. The publicity given to the one-time action of major U.S. banks, however, is leading many of the smaller U.S. banks to sell their loan positions. As more banks seek to sell their loans, the supply of loans in the secondary market is increasing, but the demand is not. This means the average prices of the loans have fallen in recent months, and banks are forced to take a greater loss when they sell. For example, a typical portfolio of loans to the governments and public sector agencies of the four largest Latin American debtors—Brazil, Mexico, Argentina and Venezuela—had an approximate market value in mid-July 1987 of 58 cents on the dollar, admittedly in a rather thin market, compared to 66 cents in February. Brazil's partial suspension of interest payments was the trigger that eventually led to the decline in value.

Another key issue for the banks is whether public recognition of problem loans helps their ability to raise capital for themselves in the most economical way, namely through equity. Most banks need to strengthen the quality of their capital. The creation of reserves has shifted capital out of bank shareholders' equity and put it into reserves. While undoubtedly a prudent move, the resulting decline in common equity now has to be made up in the case of most large banks, especially since the reserves built up in recent months would decline if loans are written off, which occurs if they are sold at a discount. Selling additional bank stock is undoubtedly a challenge; only

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a few of the largest banks, including Citicorp, have succeeded in recent years. Greater regulatory flexibility may therefore be needed in the definition of what constitutes useful capital in order for the banks to strengthen their capital in the next couple of years.

In the end, of course, what matters is the quality of the banks' assets. To the extent that the quality of the loans to troubled debtors in Latin America improves, the banks' position improves. But to improve the quality of these loans, what is needed is a more buoyant international economy, further progress toward economic reform within the debtor countries and, especially important at present, new sources of funds.

III

Unfortunately, among the governments of creditor banks, there appears to be little sense of urgency. The June economic summit of Western and Japanese leaders in Venice brought no new or clear-cut ideas on the subject. Yet the Baker Plan of October 1985 clearly needs to be refurbished; its success was dependent on renewed economic growth, which has not occurred. It also called for $29 billion in lending over three years, $20 billion from commercial banks and $9 billion from multinational financial institutions. These levels have not been met, and the banks' recent action makes clear that they will not meet these targets any time soon.

The international environment for the recovery of the major developing country debtors, most of them in Latin America, is uncertain. The growth of the world economy in 1983–86, spurred by an unusual combination of forces—namely a Keynesian fiscal stimulus in the United States, financed to a substantial degree by foreign sources—was already running out of steam by the end of 1985. The imbalance between relatively fast U.S. and Japanese growth and virtual recession in Europe was evening out, mostly because of a gradual cyclical downturn in the United States. The most rapidly growing major economy in Europe, that of Spain, has grown at about three percent annually in 1985–86; most European economies are suffering from unusually high, persistent levels of unemployment. The likely prospect is for only modest growth in world trade and continuation of generally high unemployment worldwide.

Such an international setting means that there is little reason to expect a sustained commodity boom for quite some time. Commodity-producing developing countries (including Latin

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American countries except Brazil, a major industrial exporter) rely on commodities for about 80 percent of their exports. The decade of the 1980s could turn out to be that of the slowest economic growth since the 1930s (see Table I). The combination of sluggish growth worldwide, lagging purchasing power of commodity exports and the high burden of servicing the interest on external debt spells a sobering and perhaps bleak outlook for commodity exporters in general, and for the highly indebted among the developing countries in particular.

The depression in most of Latin America not only bodes ill for the political prospects of the new democracies in the area, but it has also cost the traditional suppliers of Latin America, especially the United States. For example, the United States exported about $42 billion to Latin America in 1981, mostly machinery and farm products. In 1984–86, these sales fell to about $30 billion annually. Even moderate growth in Latin America, instead of depression, might have pushed those sales to perhaps $50 billion today, making a measurable contribution to reducing the U.S. trade deficit and helping some of the distressed areas in the Midwest.

The restructuring of inefficient industries, needed in the

TABLE I

COMPARISON OF ECONOMIC GROWTH AND EXPORTS

(average annual percentage changes)

	1950–59	*1960–69*	*1970–79*	*1980–86*
GNP Growth:				
O.E.C.D.	6.0	5.1	3.2	2.2
Developing countries	6.0	5.6	4.9	2.7
Latin America	5.9	6.4	6.2	1.8
Terms of Trade of Developing Countries:				
Oil Exporters	−0.5	1.5	4.0	−0.1
Oil Importers	5.0	0.5	−2.0	−1.6
Merchandise Export Growth: (in real terms)				
O.E.C.D.	10.3	8.5	5.8	3.6
Developing countries	7.5	7.0	5.0	0.2
Latin America	5.6	3.1	3.5	1.8
Interest as percentage of annual merchandise exports: (estimated)				
Latin America	5	8	18	40

SOURCE: Derived by author from World Bank, *World Development Report*, various issues; International Monetary Fund, *World Economic Outlook*, various issues; plus author's estimates.

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advanced industrial economies as well as in the state sectors of many developing countries to improve global economic prospects, is difficult for everyone. The prospects for shifting successfully into new ventures are made even worse by the fact that in the late twentieth century the natural tendency for maturing industrial products to behave increasingly as commodities has accelerated. The easy entry of new competitors—because of increasing access to technology and the large role of developing country governments in industry and mining—has created oversupply in products such as petrochemicals, copper and steel, without effective incentives to correct the imbalance. Everyone loses: the old industries which can no longer compete because of older equipment and high labor costs, and many new industries because of the high cost of amortizing expensive new plants and servicing the debt.

The free trade system is now threatened. It flourished after World War II partly because of bad memories of the 1930s. A key underpinning of free trade was that there were very few important participants in international trade in the two decades after the war. In the last 15 years several new and increasingly important players have emerged. While it is true that the recent decline of the U.S. dollar will, after a lag, reduce protectionist pressures in the United States, the underlying protectionist trend has long-term causes which are not easy to uproot.

In sum, the relatively upbeat and comfortable setting of the world economy has changed. This outlook need not spell doom for economies that have shown flexibility and adaptability, such as those of East Asia, but it is disturbing for countries and industries that are already in trouble.

IV

A new strategy is needed for the debt problem. It includes: (1) economic reforms in debtor countries, (2) a new inflow of capital, and (3), if the first two are inadequate, viable formulas for partial and temporary interest deferral.

Two immediate issues loom on the horizon. First, letting the debtors rely on large trade surpluses and low capital inflows is unlikely to work. Trade surpluses are impermanent; either they will erode as domestic growth and demand for imports resume, or exports could decline if there is a weakening in the world economy. Second, the debtors remain highly vulnerable to increases in international dollar interest rates, as occurred on a massive scale in 1979–82 and to a lesser extent in 1984.

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Rates looked like they might be rising again in the spring of 1987. A rise in dollar interest rates, induced by the collapse of orderly exchange rates among key currencies, might by itself precipitate the default of both Mexico and Brazil.

Even with the lower interest rates prevailing in 1986, debtor countries were not able to rekindle significant economic growth (except for Brazil, where a price control-induced spending boom stimulated a short-lived growth spurt). Domestic product statistics, often quoted as evidence of some renewed growth, omit the negative effects of declining terms of trade on incomes. It is incomes that matter: their lack of dynamism is reflected in the stagnation of investment, which is the harbinger of growth prospects.

The lesson is clear: substantial capital inflows are needed. If there are no inflows, the international banking system will be dragged into unilateral or possibly negotiated interest relief.

As part of the debt strategy, it is imperative that the debtors put their own houses in order. The problems of domestic economic restructuring in developing economies, however, are at least as complex as those facing older industries in Europe and the United States. These problems are even more difficult in poor countries which lack the resources to absorb change. In addition, while there is a significant private sector in virtually all the economies of Latin America, the Spanish colonial tradition of special concessions and monopolies for particular enterprises, as well as other protected economic privileges, dies hard. There is thus a big difference between what is apparently private business and truly effective entrepreneurship.

The debt crisis has made it clear that the past emphasis in Latin America on state enterprises was excessive. The public in the debtor countries correctly perceives that much of the excess external borrowing was due to the profligacy of state-run companies. In many Latin American countries, "privatization" has become a topic for lively debate. But actual progress in this direction has been slow, except in Mexico, where there has been a reprivatization of the industrial assets of the commercial banks taken over by the state in September 1982, and the subsequent sale of minority interests to the public in the state-owned commercial banks in February 1987.

Privatization is not easy. Moreover, enthusiasts sometimes forget that many developing countries lack the most elementary services, and therefore the governments must assume some responsibility for providing them. If privatization is presented

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as a panacea, it could become just another fad, such as land reform in the early 1960s or regional economic integration a few years later.

The careful opening-up of economies is another obvious high priority. It would foster entrepreneurship, efficiency and a greater long-term ability to compete with imports and to expand exports on a realistic competitive basis. It would also attract foreign investment and stimulate the reflow of flight capital. This is not disputed, and a number of countries, notably Chile, Colombia and Mexico, have in recent years moved in this direction. The important point is that a more open trading system cannot be pursued unless there is a well-established and consistent policy of realistic exchange rates. The long-term success of Brazil from the mid-1960s onward in expanding its industrial exports almost as rapidly as the East Asian countries is testimony to the benefits of a realistic exchange-rate policy over a long period. Without such a policy, liberalization of trade merely stimulates a speculative import binge. Such an event would imperil the already feeble debt-servicing capacity of the most highly indebted countries.

Reform is difficult in any setting, and in the Latin America of today there are many obstacles. The new democracies are naturally cautious about radical economic changes, especially if they are likely to cause higher unemployment in the short term, even though there would be longer-term gains. Just as there are political pressures against free trade in the United States, so there are in developing countries. In the latter, private sector leadership is often opposed to freer trade and is cozy with state enterprises, which are major buyers of their products and services. Trade unions, which cover the upper-most tier of the labor force, are naturally also the defenders of established patterns of economic behavior.

Nevertheless, there are strong forces for change: a younger generation of managers and entrepreneurs, strong national leaders who believe in change, the example of the outside world—always a powerful force in Latin America—and an increasingly young labor force (although high unemployment could well turn the latter into a volatile political element). The outlook for the region as a whole is uncertain, but there is likely to be significant progress in several countries, notably Mexico, Argentina and in time Brazil.

Liberalization and privatization of economies are urgent priorities for the debtors. The task has to be undertaken in full

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awareness of the considerable historical, political and economic obstacles. To the extent that their balance-of-payments constraints can be eased, at least partially, the chances of their new economic policies succeeding are greater. But the case for interest relief and for greater capital inflows cannot be made unless the governments of the debtor countries at the same time put their own houses in order. There is a growing consensus in many of these countries on the need to do so.

V

For most Latin American countries the burden of paying interest on their external debt is the major economic issue. There are several reasons for this: the shortage of external capital flows, which has made it necessary to maintain large trade surpluses and to keep imports and thus economic growth down; the lack of growth itself, combined with persistently high inflation in several major economies; the unfavorable outlook for traditional exports as well as the increasing threat of protectionism to more recent manufactured exports; and the very large fiscal burden of servicing the debt, which puts pressure on governments to raise taxes, most of which are indirect and thus inflationary in their initial application.

The interest due to commercial banks by Latin American debtors in 1982–85, virtually all at variable rates, averaged slightly under $30 billion per year, of which about one-tenth was for trade-related credit. That sum was equivalent to about 30 percent of merchandise export earnings, and to it must be added another $10 billion or so for fixed-rate obligations to bondholders and official creditors. Altogether there has been a net outflow of about $20 billion annually, as interest payments regularly exceeded the inflow from loans and investments. Aside from the internal pressures which could erode trade surpluses, there are international developments which might make it necessary for some debtors to delay interest payments: for instance, a slowdown in the world economy and a further drop in international commodity prices (which looks unlikely at present), an increase in international interest rates (a real possibility after the spring 1987 run-up) and increasing protectionism.

It is therefore important to have in place before the next crisis the main points of an acceptable scheme to face the demand for deferral of part of the interest burden. Deferral is not forgiveness, which would encourage profligacy. A relief

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scheme would not necessarily have to be put into effect, but its outline would at least have to be ready. It was difficult enough for hundreds of banks to defer principal repayments by debtors in 1982–86; it would be far more difficult and complicated to face the sudden deferral of interest—as is happening now in Brazil—even if many banks are in a stronger capital position in 1986 or 1987 to face the ensuing losses.

Under normal accounting and banking regulatory practices, the nonpayment of interest after a time entails, first, charges against the bank's income (because of the need to create reserves against possible losses) and eventually, if nonpayment continues, writing off loans. Any formula which defers interest partially must therefore as a first step be sufficiently credible economically to be acceptable to the bank regulators. Otherwise it cannot be considered by the lenders. The focal point for thinking about any future arrangements thus has to be within the key three or four central banks in the financial capitals of the world, as well as a few of the very largest international commercial banks. There also needs to be an informal group among debtor nations. Unfortunately, so far there are no clear signs that such a process has begun.

Many types of deferral schemes have been proposed. None has managed the feat of combining in one package three key requirements: political viability in the creditor countries, financial viability for the major bank lenders, and real cash-flow relief for the debtors. The first requires that the need for deferral be generally accepted; regrettably, a crisis may be necessary to bring about this recognition. The second requirement is particularly difficult for the very largest bank lenders, especially in the United States, because a very large proportion of their income still comes from interest on past loans to the troubled debtors.

As for the third requirement, a major deferral in interest payments might be possible if it were selective enough that not all debtors would want to participate. Otherwise, countries that have been cautious and managed to avoid payment problems, such as Colombia, would be penalized for their past careful behavior. For the present, debtors seeking relief would have to agree to an IMF stabilization program and to economic reforms supported by lending from the multilateral development banks. Of course, debtors do not have to accept these conditions, but then creditors do not have to give temporary relief either. Thus, there must be some generally accepted

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standards of assistance that give lenders confidence in the future of borrowers. Otherwise there would be a legitimate fear that interest relief would be used to finance an expansion of public spending.

A plan to defer interest payments would work only if it were monitored by a widely trusted international agency and subject to reasonably objective standards of application. In this way deferral could be granted to those needing it, thus meeting the fear of creditors that all debtors would demand the same privileges. Those needing relief are the countries with a big debt service—both because of the size of the debt itself and because of depressed commodity export markets—and which are taking measures to put their financial houses in order. The way in which the Oil Facility within the International Monetary Fund worked in the mid-1970s provides a useful precedent.

To illustrate: countries wishing to participate would have to show that interest on their external debt would absorb, for example, at least 30 percent of their current foreign exchange earnings for a period of at least one year. They would have to demonstrate that existing and foreseeable foreign exchange reserves would be inadequate to cover minimum payments of, say, four months of imports and interest payments. It is not necessary for an IMF "Interest Facility" to lend to countries, as has been proposed in the past, because that would simply expand short- and medium-term debt. Rather the facility's role should be to provide credibility to a deferral or capitalization program, so that banks and bank regulatory agencies can have confidence that deferred interest would not simply fund fiscal profligacy. Plenty of examples exist in the market, such as the adjustable-rate mortgage system in the United States, under which some $300 billion of mortgage loans are outstanding.

Several more advanced interest relief schemes have been suggested. One variety would have an international public authority, under the aegis of the World Bank, offer to buy back debt at a discount and pass on the benefits to the debtors. The obligations would decline and so would the interest payments. For this scheme to function, very substantial guarantees would be required from creditworthy industrial countries, given the likely fluctuation in the underlying debt service from the borrowing countries. Such guarantees would far exceed the contingent capital which the industrial countries have provided over 40 years to the multilateral development banks. As a more economical and practical alternative, George Moore,

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the former chairman of Citibank, has suggested a facility run by the IMF, which would borrow with the guarantee of the developing country debts themselves, suitably discounted.[3] This scheme would probably require the banks to sell debts at very substantial discounts, at least initially, a step most large banks are understandably reluctant to take.

Such repurchase schemes have a substantial cost, which someone has to bear. In addition, they tend to reward debtors whose debt sells at the biggest discount and to penalize those whose economic performance maintains their debt at high values. Their implementation, an unlikely eventuality, would lead to a significant erosion of international financial discipline.

VI

No single scheme will "solve" the debt problem; there is no alternative, however, to some mix of reform of debtor economies and fresh capital. Unfortunately, the clock is ticking and progress on new action has been limited. Among the debtors the siren song of default is gaining new supporters. There is the example of Peru, which practically ceased debt service in 1985 and in 1986. After several years of depression Peru enjoyed strong economic growth in 1986, and this has encouraged admirers, who do not realize the one-shot nature of the growth spurt, which was encouraged by large salary increases made possible by the temporary buildup of foreign exchange reserves once most debt service was suspended.

Making the interest burden bearable is not enough; there must be more funds for development. If all the elements of the program—a stronger international economy, restructuring of domestic economies and more capital inflows, plus a contingent policy on the interest burden—can come together, then there is a chance of improving an otherwise gloomy trend for debtors. Additional capital may be the hardest element to obtain.

The largest reservoir of funds that is in theory available to the debtor countries is the capital which left these countries during the period of high external borrowing. Much of the money borrowed from commercial banks fled because overvalued exchange rates, themselves made possible by the borrowing, made such flight attractive. The $80 to $100 billion or so which fled Latin America after 1974 is the single largest

[3] See his article in *Journal of Commerce*, June 12, 1987.

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resource which could help the balance of payments of the region. But the money will not begin to return until there is a period of consistent and realistic economic policies accompanied by visible economic growth.

The repatriation of capital is a necessity; without it, foreign direct investment will be slow to revive from the low levels it has reached. The reason is simple: foreign corporations are understandably reluctant to put money into countries from which their local partners are withdrawing. In net terms, foreign direct investment into Latin America fell to almost nothing in 1986, and inflows in many cases resulted in bargain-hunting purchases rather than additions to productive capacity.

Special insurance arrangements, such as the Multilateral Investment Guarantee Agency approved two years ago by the World Bank, can help speed up the process of changing debt into equity; however, results will not be visible for some years, and they will not be forthcoming unless the overall economic outlook improves. Therefore foreign investment is likely to be a follower rather than a leader in recovery.

One idea that has gained many supporters among banks and Western governments is to exchange part of the debt for equity in enterprises and projects in the debtor countries. The basic concept is sound. The fixed burden of interest would be replaced by the more variable and usually lower outflow of dividends derived from production and profits; this would encourage private investment and the privatization of government enterprises.

In its actual application, however, the debt-equity swap idea has to be treated with care. It does not mean that new funds come into the debtor countries; it is only a substitution of one form of obligation by another. If Japanese investors were to shift their holdings of U.S. Treasury debt into U.S. real estate, as they are doing to some extent at present, the debtor position of the United States vis-à-vis Japan would not change, only the nature of the obligation would be altered: the same is true in the case of Latin America and the Philippines vis-à-vis their creditors. Admittedly, dividend outflows are likely to be less than interest payments, at least initially, but investors fully expect to be able to repatriate their equity and profits.

In order to encourage banks to sell off their debt at a loss and trade it for equity, the debtor countries (such as Chile and Mexico, the most active swappers so far, for a total of about $3.5 billion by mid-1987) have had to make up the loss by

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giving the investors the equivalent in local currency of full nominal value (or close to it) of the debt. This can lead to excessive domestic money expansion, the assignment of domestic credit for the single purpose of prepaying debt, higher domestic interest rates, and thus the choking-off of domestic investment. Properly managed, debt-equity swapping is one among several ways to make the debt burden more manageable. But it is no panacea.

How much can be realized in debt-equity swaps? At the outside limit, as much as was invested in Latin America from abroad in the boom years of the late 1970s, which at today's prices means perhaps $8 billion annually. But those were days of burgeoning investment opportunities due to rising incomes. The first task is therefore to provide the setting for economic growth.

Given the current limited outlook, and the fact that commercial banks are unlikely to provide new large general-purpose lending, real capital inflows must thus come initially from public sources. Such a statement no doubt will generate strong ideological reactions in an age of deregulation and privatization; yet, as the case of U.S. aid to Central America demonstrates, creditor governments are likely to put up large amounts of public funds if they perceive an emergency.

The one source of capital flows with so far unrealized potential is multilateral development banks. They must begin to play a significantly larger role than in the past. Does this mean using U.S. and other taxpayers' money? Not necessarily. First, the multilateral development banks have relatively large cash reserves, particularly in the case of the World Bank, which could support larger disbursements in the short run, as has been the case in 1987. In the last three years, the World Bank and the Inter-American Development Bank have increased their disbursements somewhat, but the overall sum remains relatively modest, a combined total of about $4 billion net of amortization in Latin America in the 1986–87 fiscal year, after falling in the previous year.

Second, the multilateral banks need capital increases to expand their long-term lending for development. But the capital they need to continue expanding their borrowing from private markets can be supplied almost entirely in the form of non-cash guarantees by their shareholding governments. In its 40 years of existence, the World Bank has never had to rely on the guarantees, or "callable capital," supplied by its sharehold-

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ers and, like the Inter-American Development Bank and the Asian Development Bank, it has never had a significant default. Such callable capital, specifically the portion from highly creditworthy countries such as Japan, the West European countries, Canada and the United States is what gives the multilateral development banks their financial clout, enabling them to borrow funds in the capital markets of the world at the lowest possible costs without the governments of the industrialized countries having to put up more than symbolic amounts of taxpayers' dollars.

Last, the institutions have the experience and knowledge necessary to play an effective role. Since the Baker initiative of October 1985—which predicated a mix of reform plus official and commercial bank lending—the psychological responsibility for developing some sort of a plan for new capital inflows has been laid squarely at the door of the World Bank. While much useful institutional innovation has taken place, the World Bank responded slowly in 1986 to Baker's expectations. Part of the problem concerned the discussion over the next increase in callable capital. Without some assurance from the United States, the World Bank has been reluctant to draw down its considerable cash reserves as it gears up lending. In addition, the bank has yet to define what role it can take in a new attack on the debt problem.

The next step in developing a new debt strategy is therefore to build up the capital (and hence the lending) of the multilateral development banks, which has in fact stagnated in recent years. This involves going to parliaments and congresses, always a thorny and politically difficult process. An equally difficult requirement will be improving the multilateral institutions' operational capacity; streamlining them so they can more effectively foster the economic reforms that debtor countries have to make if the original causes of the debt problem (especially bloated public sectors and state enterprises and the ensuing inflated fiscal deficits) are to be rooted out.

Barber Conable, an experienced former U.S. congressman, who became head of the World Bank in 1986, is now completing a major internal reorganization of the institution. Another reorganization is likely at the Inter-American Development Bank, where the United States, the largest provider of its capital, has felt that greater emphasis should be placed on economic reform within borrowing countries.

Much of the debate about the roles of the World Bank and

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the Inter-American Development Bank has focused on the need for general-purpose sector loans, as opposed to specific project loans of the type that both institutions have traditionally made. Sector loans, which have existed in various guises for quite a few years, are used to encourage broad policy reforms. There is no doubt that such loans are indeed needed; however, policy problems that have been around for years will not disappear because of one or even two large loans. A long-term persistent effort should therefore be envisaged.

One idea that has been frequently mooted in the United States is for Japan, today the largest capital exporter, to put some of its money into the debtors. While it is likely that Japan will take a special interest in the Philippines, both directly and through the Asian Development Bank, it is unlikely that it would take the leadership in an area such as Latin America, which is not a major trading partner, unless the United States takes the initiative first. If that were to happen, Japan would probably act in part through international institutions; for this to become a practical possibility, Japan would have to be given a larger voice in the capital of these organizations and greater representation in their staffs, both difficult but not unattainable aims. The special loan collection company which Japanese banks organized in early 1987 for some of their Latin American loans was primarily the result of domestic tax considerations and does not so far represent a major international contribution to alleviating the debt problem.

My estimate is that the Latin American countries would need approximately $20 billion per year in the next few years in net capital inflows in order to permit moderate growth.[4] Foreign investment, which declined to almost nothing in 1986, can be expected to recover to perhaps $4 to $6 billion annually with some help from debt-to-equity swaps. The key will be the repatriation of flight capital, which totaled about $3 billion in the case of Mexico in the last year. That represents a real inflow, as does lending from official multilateral institutions, which in net terms could reach $6 to $7 billion per year, if there were a major effort within those institutions and, internationally, at a political level. The multilateral development banks are thus crucial.

[4] *Toward Renewed Economic Growth in Latin America*, by Bela Balassa, Gerardo Bueno, Pedro-Pablo Kuczynski and Mario Henrique Simonsen. Washington: Institute for International Economics, 1986.

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Official export credit agencies such as the U.S. Export-Import Bank, the Japan Export-Import Bank and similar agencies in Europe are another important source which has been dormant since 1982. An enhanced role on their part could help commercial banks provide some of the balance, with some form of parallel or joint financing with official institutions. The overall outcome will be quite difficult to achieve, but it is plausible, as long as the political will is there on both the side of the debtors and especially that of the governments of the creditors.

VII

How can the three parts of this new approach—economic reforms, interest policy and new capital inflows—be put together? Unfortunately, there are several complicating factors. First, retrenchment will be the top priority of money-center banks for some time. Bank stock prices are at relatively depressed levels, preventing banks from adding to their capital in the most economical way—through the equity market.

Second, the banks have been the subject of conflicting signals from their regulators, especially in the United States. On the one hand, the Federal Reserve has been telling them to expand lending at concessional terms to those troubled countries that try to get their affairs in order. On the other, the Federal Reserve itself, as well as the Congress, the Securities and Exchange Commission, and the Comptroller of the Currency have imposed disclosure and tighter capital requirements which make it very difficult for banks to ease troubled customers back to health, domestically or abroad. Additional regulatory demands are likely, including calls to expand bank capital. Capital is to a large degree a matter of providing financial confidence, and ways exist to make the expansion of capital more flexible.

Third, the industrialized countries face serious tasks at home. In Europe, stagnation and sick industries and in the United States, the political difficulties of reducing the budget deficit naturally receive priority attention. The debt crisis appears to be a more distant issue, even though it has undercut a major U.S. export market.

It is thus difficult for policymakers in the major creditor countries to focus on preventive action. The Baker initiative fortunately broke this pattern. But it has faced serious difficulties: neither the economic growth nor the credit flows have materialized to the extent envisioned. The clear support of

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industrialized country governments for an expanded initiative is essential. The major debtors, especially Brazil and Mexico, could play a key role in tilting the balance in the direction of an internationally accepted set of initiatives. It is important to get clear agreement among the principal creditors and debtors—perhaps eight to ten key participants altogether—on a few basic working assumptions, without which the design of further action would not be possible. A large conference could not achieve the consensus of a small group. Among the basic precepts on which agreement is needed are:

—The problems of the heavily indebted countries, most of which are very dependent on commodity exports, are long-term and cannot be alleviated only through financial stabilization programs accompanied by modest lending from abroad.

—Most of the debtor governments have made major efforts to adjust to the new austerity, but external financial support for these efforts has been inadequate. The continuation of financial discipline and the beginning of fundamental economic reform require more external support in the next few years, especially from international public sources.

—This support can be obtained with minimum funds from taxpayers by substantially expanding the disbursement, lending and, in time, the callable capital of the multilateral development banks.

—To the extent that capital inflows can be effectively stimulated, the need for large-scale interest relief will be less; but it is still desirable at least to plan some interest relief, in case major debtors cannot pay interest. Existing market mechanisms provide examples which might be helpful.

Agreement on these working assumptions will not by itself restore the high-debt countries to economic health—a plan has to be fleshed out in detail—but it would provide a ray of hope to alleviate the increasing strains of 1986 and 1987. Certainly, after the Baker initiative of October 1985, there is no turning back. The only question is how to turn general proposals into concrete action and with all deliberate speed.

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Adam Bromke
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A TURNING POINT IN U.S.-CANADIAN RELATIONS

U.S.-Canadian relations are at a turning point. Negotiations aimed at reaching a comprehensive trade accord between the two countries have entered a final phase. To be considered by Congress, a draft treaty must be ready by October. A successfully concluded pact will be an important step forward in consolidating cooperation between the two North American neighbors; moreover, in a world rampant with protectionist tendencies it will provide an effective example of liberalizing international trade. Conversely, failure to reach a mutually satisfactory agreement will not only be a distinct setback in bilateral relations between Ottawa and Washington, but will also encourage nationalist and protectionist trends. Whatever the outcome of the trade talks with the United States, it will have profound consequences for Canada, reaching to the very heart of the country's politics.

For the United States, close economic ties with its largest trading partner are important; for Canada, with three-quarters of its trade going to the United States, they are essential. But the present negotiations also have a symbolic significance. The success or failure of the talks will affect the overall climate of relations between the two countries on such issues as acid rain, Arctic sovereignty and cooperation in North American air defense. Indeed, the outcome of the trade negotiations may influence the countries' readiness to cooperate on various global issues, both within NATO and in the broader realm of East-West relations. Last but not least, since the trade issue is likely to play a major role in the Canadian elections that are expected in 1988 or early 1989, the outcome of the negotia-

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tions may determine the pattern of Canadian-American relations for a number of years to come.

II

The massive electoral victory of the Progressive Conservative Party under Brian Mulroney on September 4, 1984, promised to bring an end to the increasingly unpleasant friction between Canada and the United States. Since 1980 a number of differences over both bilateral and global issues had marred relations between the two North American neighbors.[1] Canadians were embittered by the continued disputes over both Atlantic and Pacific fisheries, and the lack of attention paid by the Administration of Ronald Reagan to controlling acid rain pollution of lakes and forests north of the border. Americans were irritated by what they viewed as the nationalist measures of the Liberal government of Pierre Elliott Trudeau: the establishment of the National Energy Program, designed to "Canadianize" the oil and gas industry through a retroactive nationalization of 25 percent of any oil discovery; and moves to strengthen the Foreign Investment Review Agency, which monitored and regulated foreign investment. As a result of American pressure both these initiatives were considerably diluted, but criticism from Washington continued, highlighting the basic differences in approach to the proper role of the state in the economy.

The United States was also disappointed by what it considered Canada's unsatisfactory contributions to the defense of both North America and Western Europe. Even after the Liberal government substantially increased its defense outlays in the late 1970s, the image of Canada as an ally not pulling its weight persisted in Washington. There were, moreover, marked differences over various global issues, notably over the deterioration in East-West relations. Prime Minister Trudeau looked back with nostalgia to the era of détente, a view that set him apart not only from President Reagan, but, after changes of government in Britain, West Germany and France, from other major NATO leaders as well.

Finally, the two men did not get along well. Trudeau was openly critical of Reagan's sharp anti-Soviet rhetoric, and Rea-

[1] For an assessment of Canadian-American differences in the early 1980s, see Adam Bromke and Kim Richard Nossal, "Tensions in Canada's Foreign Policy," *Foreign Affairs*, Winter 1983/84, pp. 335–53.

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gan had little use for Trudeau's fall 1983 "peace initiative." This effort by the prime minister to use personal diplomacy to bring the nuclear powers to the negotiating table was virtually doomed when he received only lukewarm support from Washington.[2]

It is thus not surprising that the Reagan Administration could barely conceal its satisfaction with the outcome of the 1984 general elections in Canada. The Progressive Conservative government appeared to be more attuned to Washington on both domestic and foreign policy. During the preceding campaign Mulroney was highly critical of how the Liberals had handled Canadian-American relations. He pledged not only to introduce a "new era of civility" in North American affairs, but also to provide the United States with greater support in global policy. He promised to enhance Canada's military capability and to increase Ottawa's contribution to NATO.

The two men, moreover, appeared to get along well at their two White House meetings in 1984. The first was in June, while Mulroney was still leader of the opposition; the second was held just a week after he became prime minister. The timing of the visits underlined the importance the new Progressive Conservative government attached to relations with the United States. On the latter occasion, the two leaders agreed to hold annual reunions to review and improve relations between the two countries.

III

Early in its tenure the Mulroney government showed its eagerness to live up to its campaign pledges. The offending sections of the national energy program left untouched by the Liberal retreat in the early 1980s were eliminated; the Foreign Investment Review Agency was symbolically renamed Investment Canada, and its operations were sharply curtailed. In a speech to the corporate community in New York in December 1984, Mulroney grandly declared that Canada was "open for business again."

The new government also wanted to expand free trade with

[2] For differing evaluations of Trudeau's peace initiative, see Adam Bromke and Kim Richard Nossal, "Trudeau Rides the 'Third Rail,' " and Michael Tucker, "Trudeau and the Politics of Peace," *International Perspectives* (Ottawa), May/June 1984, pp. 3–10; and Michael Pearson, Gregor Mackinnon and Christopher Sapardanis, " 'The World Is Entitled to Ask Questions': The Trudeau Peace Initiative Reconsidered," *International Journal* (Toronto), Winter 1985–86, pp. 129–58.

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the United States. This proposal was not entirely novel: in 1983 the Liberal government began exploratory negotiations with Washington on a series of trade pacts in limited sectors of the economy—using as a model the 1965 Auto Pact, which had created a continental free market in automobiles. During his short tenure as prime minister in 1984, Trudeau's successor, John Turner, seemed prepared to continue this policy. But the Progressive Conservatives embraced a more sweeping approach. Taking their cue from President Reagan's own campaign promise of 1980 to conclude a "North American accord" between the United States and its two neighbors, the Conservatives proposed to negotiate a comprehensive and formal bilateral trade pact.

Mulroney also appeared ready to make good his election promise to enhance Canadian defense. To boost the morale of the Canadian armed forces he ordered that the distinctive uniforms of the three services—eliminated when they were integrated by the Liberals in 1966—be restored. The Canadian contingent in Europe was increased by 1,500. And Defense Minister Robert Coates was dispatched to Washington and London to explain the new direction in defense to Canada's most important allies.

The culmination of this initial spurt of activity came at the summit meeting between Mulroney and Reagan in the city of Quebec in March 1985. It appeared to confirm all the predictions of a closer relationship between the two neighbors after years of estrangement. "We are more than neighbors or friends or allies," declared President Reagan, setting the tone for the meeting. "We are kin who together have built the most productive relationship between any two countries in the world today. . . . For the United States there is no more important relationship." The atmosphere in Quebec was warm, even jovial. It had been dubbed the "Shamrock Summit," not only because it fell on St. Patrick's Day, but also because both leaders liked to stress their common Irish ancestry.

There was a substantive side to the summit, however. Two major agreements were signed. One was a fisheries treaty that resolved the long-standing dispute on the West Coast. (Shortly afterward, by a decision of the International Court of Justice that both sides accepted, the boundary dispute that had plagued the Atlantic fisheries on the East Coast was settled.) The other agreement concerned the modernization of the North American Aerospace Defense (NORAD) surveillance system in the far

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north. Ottawa agreed to pay about 12 percent of the estimated $7 billion needed to overhaul NORAD, including a new radar warning system to replace the aging Distant Early Warning (DEW) Line. Mulroney and Reagan agreed to postpone action on acid rain, airborne sulfur and nitrogen oxides, by appointing a panel of special envoys to report back before the next summit. The leaders also declared their intention to expand trade by removing the few remaining tariff barriers and agreed to resist the mounting protectionism on both sides of the border.

The key symbolic objective of the Shamrock Summit—to demonstrate the strength of Canadian-American friendship—was thus largely achieved. In no small measure it was helped by the excellent personal chemistry between the two leaders. The relationship between President Reagan and Prime Minister Mulroney stayed close and warm at their next two summits in Washington in March 1986 and in Ottawa in April 1987. Yet even the leaders' good intentions were not enough to solidify the new relationship. During their talks in Washington, divergent national interests reasserted themselves, especially over free trade and acid rain. Nor were the leaders able to come to an agreement on sovereignty over the Northwest Passage, which Canada claims are internal waters. For its part, the United States, which regards the passage as an international strait, has consistently rejected the Canadian claim. The Americans are concerned that by conceding Canada's position, they would implicitly recognize similar claims on other waterways by other coastal states. Thus, when a U.S. Coast Guard icebreaker traveled the passage without seeking permission from the Canadian government in the fall of 1985, the matter came to a head.

The Ottawa summit of last April was the most politically charged. Both leaders were in trouble at home, and wanted to emerge from the meeting with the best possible image. It was Reagan's first visit abroad since the Iran-contra revelations, and he was eager to demonstrate that he remained an effective player in foreign affairs. He succeeded in this endeavor: his speech to the Canadian Parliament was an accomplished performance, and his response to heckling by some members of the New Democratic Party (NDP) was smooth and witty. For Mulroney the summit was an occasion to improve his own sagging popularity. Two years after their landslide victory, the Progressive Conservatives were not doing well: a series of scandals in the cabinet and the prime minister's tendency to

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avoid contentious issues, or occasionally to reverse himself on them, had eroded the government's credibility and popularity. In the polls, the Progressive Conservatives fell behind both the Liberals and the New Democrats in popular support. Moreover, the opposition parties were effectively using the snail's pace of trade negotiations with the United States, the reluctance of the Reagan Administration to implement fully the recommendations of the special envoys regarding acid rain, and the Arctic sovereignty issue to discredit the government.

By early 1987 Reagan was evidently trying to help Mulroney as much as he could. In January Vice President George Bush was dispatched to Ottawa, where he received what he described as an "earful" of highly publicized Canadian complaints about the state of the relationship. At their April summit, Reagan went out of his way to praise Mulroney—even attributing to the prime minister the original idea of an economic accord between the two countries—but offered no real concessions. The two leaders promised to accelerate negotiations on free trade and Arctic sovereignty, but they did not go beyond that.

IV

From the outset, the Progressive Conservative government was committed to expanded trade with the United States. Prime Minister Mulroney very much identified himself with this objective; in many ways it has become his personal quest. It was not only because Mulroney genuinely likes the United States and was favorably impressed with the Reagan Administration. He also believed that closer economic bonds with Canada's powerful southern neighbor were indispensable to the country's future well-being. In a world economy increasingly composed of large trading blocs, a free trade agreement would give Canada unrestricted access to the largest and most technologically advanced national economy. Mulroney, moreover, was committed to a bilateral approach to trade negotiations: multilateral trade talks, he felt, would not stem the impact of American protectionism on the Canadian economy quickly enough.

While the Conservatives had a grand design, the specifics remained vague. It was only after a chief negotiator was appointed in November 1985 that the Canadian side started to address itself to the concrete issues. On the American side progress was also slow. Before the Reagan Administration could commit itself to the negotiating process it had to over-

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come the hurdle of Senate approval for "fast-track" negotiations, which promised that the final agreement would be either approved or rejected in toto without amendments. This was only obtained in April 1986, and with the narrowest margin, in the Senate Finance Committee. But the fast-track procedure requires that the negotiators submit an agreement to the Senate by October 1987. Considerable barriers still exist that could preclude reaching a trade agreement by the deadline. At the present stage of negotiations the major problems are the American demands for unrestricted flows of investment into Canada and Canada's insistence on a binding mechanism to resolve future disputes.

In Canada, public opinion polls indicate that the idea of a free trade agreement enjoys the support of a slight majority. Ultimately, of course, the accord will be judged on its substance. Yet even if the terms of the agreement are favorable for Canada, there are staunch opponents of closer economic ties with the United States who are unlikely to be won over. They include nationalists, labor union activists and those in business whose interests will likely suffer. Reinforcing this is a widespread concern among many Canadians that closer economic ties with the United States will culminate in a formal political union of the North American neighbors. It was precisely for this reason that when the last free trade agreement was put before the voters by Sir Wilfrid Laurier's Liberal government in 1911, it was roundly defeated.

Canada's federal system also poses a problem for Mulroney. The provinces have a constitutional role in economic development issues, and can argue that the federal government cannot take sole responsibility for negotiating an international agreement that might alter their economic structures. The federal government rejected the provinces' demands that they be given a seat at the negotiating table, although it keeps them informed of the progress of the talks. Nonetheless, there are still murmurs of apprehension from provincial premiers. Particularly in the two largest provinces, Ontario and Quebec, worries persist that a free trade agreement will cause severe economic dislocation as the branch-plant economy which has been nurtured behind tariff walls collapses under the weight of an influx of cheaper American goods.

Indeed, a select committee of the Ontario legislature has formally recommended that if Ottawa negotiates a free trade agreement that damages Ontario's economic interests, the pro-

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vincial government should "veto" it. It should be noted that the provinces have no formal veto power over international agreements entered into by the federal government. But they can refuse to implement those provisions that impinge on their constitutional powers. Thus, the Mulroney government faces the embarrassing possibility that it may not be able to implement those portions of a trade accord that deal with nontariff barriers within provincial jurisdiction.

Finally, since the Progressive Conservative government initially did not clearly think through what it wanted in a trade agreement, Ottawa kept adding to a list of items that it considered nonnegotiable. These included social welfare programs, the 1965 Auto Pact, cultural protection policies, the taxation system, and the level of the Canadian dollar. As the list grew, the impression was conveyed that what Canada really wanted was to gain secure access to the huge American market without giving much in return.

Understandably, Washington has taken the position that if Canada wants unfettered access to the U.S. market, Ottawa will have to offer significant concessions too. As it happens, the items that the American negotiators are interested in overlap largely with those the Canadians consider nonnegotiable. This places Mulroney in a serious predicament. He cannot put more than 40 years of social welfare legislation, the Auto Pact or protection for Canadian culture on the negotiating table.

In his quest for a free trade agreement, Mulroney has not been helped by policy developments in the United States. Just days after Peter Murphy, the American negotiator, and Simon Reisman, his Canadian counterpart, launched the negotiations in May 1986, American protectionist interests rudely thrust themselves into the picture. With Reagan's approval, the United States imposed a 35-percent countervailing tariff on cedar shakes and shingles imported from Canada on the grounds that the American industry needed protection against subsidized Canadian producers. Mulroney was furious at the move—publicly calling it "bizarre"—and retaliated with minor tariffs on American books and computers. Nevertheless he rebuffed opposition calls to suspend the trade talks. In October 1986 the Mulroney government was embarrassed again by the threat of another punitive tariff imposed on Canadian softwood lumber exports. Although the dispute was eventually settled by a compromise, the episode added to bitterness in Canada.

In promoting free trade with Canada, Reagan also faces

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serious domestic constraints. It is unlikely that the protectionist mood of the present Congress will change substantially any time soon. Often it is not explicitly directed at Canada, but reflects a general annoyance with American trading partners, including Japan and Western Europe. The president remains personally committed to the process. After the 1986 Washington summit he made it explicit that he considers the conclusion of a trade agreement with Canada one of the top priorities of his Administration. Indeed, it seems to rank only second in importance to a U.S.-Soviet arms control pact. Yet as Reagan's term comes to a close, his ability to expend political capital on behalf of a free trade agreement with Canada is likely to decline. The narrow Senate vote over the "fast track" procedure and the president's consent to the imposition of tariffs on Canadian exports suggest that even firmer commitment on his part will be needed to overcome the protectionist interests so strongly entrenched in Congress.

These obstacles in the United States have had an evident effect on the Canadian prime minister. In the October 1986 "Speech from the Throne" outlining the government's intentions for the next year's parliamentary session, Mulroney carefully downplayed the free trade negotiations. After the lumber dispute he even mused aloud about the feasibility of an agreement with the United States. Nevertheless, the prime minister persisted in his efforts. When the pace of the negotiations visibly slowed in the spring of 1987, he pressed the issue with President Reagan, not only in Washington, but also during a special session at the Venice summit.

Mulroney has persevered because he knows that if a trade accord is not reached by October, or if it is rejected by Congress, he will be hard-pressed to explain the failure of the policy which was so central to the Progressive Conservative program. In such circumstances, he will have little political choice but to blame the United States for the failure. Such an explanation by Ottawa may in turn provoke anger in Washington.

V

One of the contentious bilateral issues continues to be acid rain. On the Canadian side it became highly politicized in the early 1980s as a result of the insistence of the Reagan Administration that, before any remedies were adopted, further research was needed to determine the nature of the problem. In

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the United States there was little sympathy for Canada's environmental concerns, particularly since the Reagan Administration could point to Canada's spotty record in dealing with its own sources of acid rain.

In frustration the Liberal government of Pierre Trudeau adopted unusually strident tactics. Officials gave distinctly undiplomatic speeches excoriating the Reagan Administration's approach to environmental issues. They were not alone in their anger; even the opposition Progressive Conservatives accused Reagan of "perpetuating hokum" on acid rain.[3]

Acid rain assumed a symbolic importance for the Conservative government. Since Mulroney had preached the benefits of friendly ties to the United States, he had to show some progress in actually reducing the harmful effects of sulfuric and nitrogen oxides. In order to demonstrate his seriousness on acid rain, and to encourage the Americans to move along the same lines, in early March 1985 his government adopted a $300-million (Canadian) program to eliminate all Canadian sources of acid rain by the mid-1990s. Considering that most of the pollution comes from the United States, it was a substantial commitment. The next step, then, was clearly up to the Americans. At the Shamrock Summit, Reagan delivered. Although no concrete measures were adopted, the president shifted American policy considerably by conceding an important symbolic point: for the first time, he publicly acknowledged that acid rain was a problem. The leaders agreed to appoint an envoy from each country, giving them a year to draft a plan of action to address this problem.

The two appointees—former Secretary of Transportation Drew Lewis and a former premier of Ontario, William Davis—faced a difficult task. Those in Canada whose livelihoods were affected by the damage, and others for whom the acid rain issue assumed symbolic importance, continued to press the Mulroney government to protect Canadian interests. In the United States, however, there were strong pressures to resist the costly measures needed to alleviate the problem. In particular, companies and public utilities in Appalachia and the Midwest hardest hit by recession were increasingly vocal in making their opposition known to Congress.

Although Lewis and Davis were convinced by their study

[3] Stephen Clarkson, *Canada and the Reagan Challenge: Crisis and Adjustment, 1981–85*, Toronto: James Lorimer, 1985, pp. 345–46.

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that the problem of acid rain had to be addressed, they shrewdly recognized that a report that was not sensitive to the political imperatives in the United States was doomed to be rejected by both the president and Congress. Therefore, they adopted a minimalist position that called for $5 billion in initial spending by the United States on clean-coal technologies, further research and continued bilateral discussions.[4] These recommendations were embraced by Mulroney and Reagan in 1986. This removed the issue from the forefront of the bilateral agenda, and muted somewhat the stridency of the opposition in Canada.

But by the winter of 1986–87, when still no funds were forthcoming on the American side, there was a renewed outcry from the opposition in Canada. This time the Conservatives had little choice but to join the chorus of protest. Last March, before the Washington summit, the Reagan Administration finally allocated $2.5 billion for acid rain research. The Mulroney government hailed it as a victory for Canada; the opposition parties, however, were less impressed, noting that this fell well short of what was needed to protect the Canadian environment. At the April 1987 summit the prime minister proposed concluding a formal pact on acid rain. What was novel about Mulroney's suggestion was that he envisaged the participation of Canadian and American legislators representing all political parties in negotiations from the start. Reagan promised to consider it, although his aides were quick to point out that he had only agreed to the general principle, and not to any specific course of action.

The prospects of resolving the controversy over acid rain during the final year of the Reagan presidency are thus not good. Opposition in Congress remains considerable, and it is unlikely that the president will have sufficient incentive or clout to overcome it. To make matters worse, the issue is caught up in a more general debate over clean air legislation in the United States. Congressional proponents of action on acid rain are divided between those who favor research and those who want strictly legislated limits on emissions—including many members of Congress from the Northeast, which is also affected by acid rain. From the Canadian point of view such a constellation of forces may produce an outcome that

[4] See Fitzhugh Green, "Acid Rain and U.S.-Canadian Relations," *The Washington Quarterly*, Summer 1986, p. 108.

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will be the worst of both worlds. Should Congress reject Reagan's research program *and* fail to enact new clean air legislation, Canada will be back where it started. Acidity will continue to poison lakes and forests in Ontario and Quebec—as well as U.S.-Canadian relations.

VI

The Conservative government came to power with a strong commitment to improving the fighting capability of the armed forces. Mulroney immediately announced a major review of defense policy which would culminate in a White Paper. However, the review process dragged on for over a year without much progress. Only when Perrin Beatty, a young and energetic cabinet member, was given the defense portfolio in the summer of 1986 did the work on the new statement of government policy begin in earnest.

In the meantime, the Mulroney government followed a policy not much different from its predecessors. Although the Progressive Conservatives had promised a dramatic increase in outlays on defense, Mulroney's record was actually less robust than that of the Trudeau government. In their last years in power, the Liberals had increased defense outlays by three percent annually after inflation; in the first two years of Conservative government defense spending increased by only two percent. The prime minister offered as justification for this reversal the sorry state of the economy inherited from the Liberals.

In June 1987 Beatty finally issued the White Paper on defense, the first since 1971. It is a coherent document, reflecting a traditional NATO military perspective. It presents a convincing case for the maintenance of strong defenses for the protection of Canadian territory and North American airspace, and for fulfilling Canadian obligations within NATO. Although the White Paper recommended that Canada terminate its commitment to reinforce Norway in the event of hostilities, Canadian forces in West Germany are to be modernized. The new policy also calls for substantial strengthening of the reserves and for an impressive array of new equipment: battle tanks, helicopters, long-range patrol aircraft, fighter jets, patrol frigates and minesweepers. The most expensive items on the list are ten to twelve nuclear-powered submarines, ostensibly to protect Canadian claims to sovereignty in the Arctic.

The Conservatives have promised to spend C$186 billion on

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defense in the next 15 years. However, considering that the present annual defense budget amounts to some C$10 billion, it is not a dramatic change. This figure represents an increase of a little more than three percent annually—only slightly more than the Liberal outlays in the early 1980s. Furthermore, there is considerable public opposition to the proposal to purchase nuclear-powered submarines to assert Arctic sovereignty, particularly when the government has already committed itself to spending as much as C$800 million for a polar icebreaker for the same purpose. It is thus likely that the C$12-billion submarine program will eventually be dropped.

The entire defense program will be carefully scrutinized by the opposition. The New Democrats, who are still formally committed to withdrawal from NATO and NORAD, oppose the expansion; left-wing Liberals, who have a strong aversion to anything nuclear, oppose the addition of nuclear-powered submarines to the Canadian arsenal. Even among the Conservative Progressives there is some opposition to the defense program: Secretary of State for External Affairs Joe Clark, for example, reportedly is not altogether happy at the prospect of an expansion of the armed forces at a time when Canada is avidly supporting arms control and disarmament in East-West relations. Finally, the long implementation phase of the program means that a succession of finance ministers will have an opportunity to review the ongoing costs of expansion. Thus, while it has made the debate on defense more concrete, the White Paper represents only a first, tentative step.

Conservative policy reflects a deep Canadian ambivalence about defense issues. On the one hand, there exists a broad consensus about Canadian participation in NATO and NORAD. A Gallup poll taken in April 1986 indicated that only 26 percent of Canadians favored neutrality. On the other hand, there is also a general uneasiness about stationing nuclear weapons on Canadian soil. This aversion cuts across all segments of Canadian society, from the peace movement and members of Parliament from all parties who want the government to declare Canada a "nuclear-free zone" to the strong advocates of increased spending on conventional defense, such as the Business Council on National Issues.

Thus, when Reagan and Mulroney signed the agreement on modernizing the DEW system in Quebec in March 1985, there was widespread Canadian concern that the revitalization of northern defense would lead to the reintroduction of nuclear

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weapons in Canada. Such fears were not dissipated when visiting U.S. Secretary of Defense Caspar Weinberger acknowledged in a Canadian television interview that the United States might eventually want to place antiballistic missile launchers in Canada.

It was also at the Shamrock Summit that the matter of Canadian participation in the Strategic Defense Initiative was first raised. At first it seemed that SDI would be warmly embraced by the Mulroney government. The minister of national defense, Erik Nielsen, echoed Reagan's argument that SDI would rid the world of nuclear weapons, and Mulroney spoke glowingly of the thousands of jobs that would be created by SDI contracts. However, the Conservatives soon reversed themselves.

In the summer of 1985 opposition to Canadian participation in SDI coalesced and hardened. The peace movement was joined by a number of prominent clergy, academics and labor leaders who publicly expressed their reservations, as did Canada's major newspapers. In the House of Commons both the New Democrats and the Liberals strongly criticized the government's desire to proceed with a parliamentary review of foreign policy that would force SDI to the top of the foreign policy agenda by threatening to boycott the review. The government relented, and so a special parliamentary committee spent the summer examining SDI. When their report was issued in August, it reflected the split over SDI: the Liberal and NDP members maintained their firm opposition, and even the Conservative members were divided. Claiming that more information was needed before any conclusions could be drawn, the committee recommended, in the words of the chairman, an "interim no" on SDI.

In the circumstances the Mulroney government had little choice but to decline the invitation to participate in SDI. A positive decision would have subjected the Conservatives to heavy domestic criticism, and a continued controversy in the country on the issue would have been more detrimental to the improved climate in Canadian-American relations than a polite refusal.

The refusal was qualified. In his letter to Weinberger, Nielsen stressed that, in light of Soviet advances in ballistic missile defense, American SDI research was entirely prudent. And in an improbable attempt to salvage some of the economic spin-offs, Nielsen stressed that while the Canadian government

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would not participate, Canadian firms were free to bid on SDI contracts. For all its politeness, however, the Mulroney government's decision on SDI was a clear rebuff to the Reagan Administration. The United States was not looking to Ottawa for involvement in research—the Americans hardly need it—but rather political support from its closest ally.

The SDI debate sensitized Canadians to the possibility of becoming entangled incrementally in Washington's ballistic missile defense schemes; it also sharpened Canadian doubts about the impact of SDI on East-West relations. When the NORAD agreement came up for renewal in the spring of 1986 the Canadian government suggested that a new version should include a special clause indicating that NORAD conformed to the requirements of the 1972 Anti-Ballistic Missile Treaty. While the United States refused the request, it did not deter Mulroney from asserting that the new agreement in no way violated the ABM treaty. Likewise, in an address to NATO parliamentarians gathering in Quebec in May 1987, the prime minister strongly reasserted Canada's opposition to possible violations of the second Strategic Arms Limitation Treaty and the ABM treaty. He warned, moreover, that the development of SDI, by integrating defensive and offensive weapons systems, may create the impression of preparations for a preemptive strike and thus destabilize the present system of deterrence. He pleaded with both superpowers to avoid such an outcome.

After three years, therefore, Mulroney has not brought about a major shift in defense policy. Instead, the Conservative government's military posture is exhibiting traditional Canadian attributes: a reluctance to make the necessary financial sacrifices to provide substantial increases in defense spending; support for nuclear deterrence but an uneasiness about nuclear weapons themselves; and a continuing concern about potentially destabilizing developments in American strategic doctrine.

VII

Similar patterns have emerged in Canada's global policy. During the election campaign in 1984, Mulroney promised that Canada under a Conservative government would be a "super" ally of the United States and that Ottawa would give Washington the "benefit of the doubt" in its international initiatives. However, a traditional orientation was evident from the outset. Mulroney's choice for secretary of state for external

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affairs was former Prime Minister Clark, from whom he had wrested the party leadership in 1983. While the choice was no doubt politically motivated, it had considerable implications for foreign policy. Clark had been much impressed by Trudeau's "peace initiative," and in a confidential memo before the election he advised Mulroney to follow a similar course. Evidently the new prime minister agreed, for in his first address on foreign policy he sounded much like Trudeau. Reducing the threat of war, he declared, "is the greatest and most important challenge facing governments anywhere in the world." This line was consistently reiterated in subsequent years. Thus Canada's position on a range of international issues is today no closer to the United States than it was before 1984.

In East-West relations Canada has continued to advocate the reduction of tensions through diplomacy and arms control. Although Canada was the last of the Western allies to remove the sanctions imposed against the U.S.S.R. in the wake of the Soviet invasion of Afghanistan, dropping them only in September 1986, relations between Ottawa and Moscow have steadily improved under the Conservatives. In the spring of 1985 Clark visited the U.S.S.R., and in the fall of 1986 Soviet Foreign Minister Eduard Shevardnadze paid a return visit to Ottawa. In the spring of 1987 Clark also went to Poland, Hungary and the German Democratic Republic. In their contacts with the Soviets and the East Europeans, Canadian officials have managed to balance their desire for dialogue on global issues and bilateral matters with concern over human rights violations. Fortunately for the Conservatives, this course coincided with a general improvement in U.S.-Soviet relations, evident especially after the Geneva summit between President Reagan and General Secretary Mikhail Gorbachev in the fall of 1985. In this way the gap between Canada and the United States over East-West relations has narrowed.

On a range of regional conflicts the Mulroney government has often taken a stand distinctly different from that of the United States—further evidence of the basic continuity in policy from the Liberals to the Conservatives. This is most clearly seen in regard to Central America. Like many of America's European allies, Canada has tended to attribute turmoil in the region to indigenous social and economic conditions. The Mulroney government has been openly critical of the Reagan Administration's encouragement of the contras, and has consistently supported the Contadora process. Ottawa also

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refused to follow Washington's lead in imposing sanctions against Nicaragua in May 1985; instead, development assistance to Managua has continued.

The two North American leaders also sharply differ on the issue of South Africa. Reagan has remained steadfastly committed to an evolutionary approach in dealing with that country, and, even after suffering a defeat on this issue at the hands of Congress, he has remained opposed to economic sanctions against Pretoria. By contrast, Mulroney has been a strong advocate of sanctions as a means of expressing displeasure and concern over the lack of progress in dismantling apartheid. In 1986 he took the lead on this matter in the Commonwealth, even though his efforts were largely frustrated by Margaret Thatcher. As a visible sign of Canadian support, Mulroney visited several of the African Frontline States in early 1987. He raised the issue without much success at the Venice summit, and will do so again during the Commonwealth meeting and the francophone summit, which are to be held in Canada in the fall.

Finally, Canadian statesmen have advocated a greater role for the United Nations in mitigating regional conflicts, particularly in the Middle East and the Persian Gulf. In doing so Canada has continued its strong support for the United Nations; indeed, it has urged the United States to maintain its commitment—both moral and financial—to the world body. Symbolically, the Mulroney government did not follow the recent American and British action of withdrawing from the U.N. Educational, Scientific and Cultural Organization (UNESCO), instead advocating a reform of this organization from within.

The degree to which the Conservatives have pursued a traditional line in foreign policy can be clearly seen in the results of a formal foreign policy review initiated by Secretary Clark. An initial statement of policy directions issued in a 1985 Green Paper, it largely reflected the Conservative election platform of the year before. Among other objectives, it stressed the importance of trade and of close links with the United States. However, when the Green Paper was reviewed by a special joint committee of the Senate and the House of Commons in 1986, the parliamentarians recommended moderating this initial thrust, as the title of their report, *Independence and Internationalism*, emphasized. In a formal response to the com-

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mittee in early 1987, Secretary Clark distinctly embraced that more traditional line.

VIII

The adoption by the Progressive Conservatives of a middle-of-the-road approach in external relations is good politics. While elections in Canada are rarely fought over foreign policy issues, it appears that the government's principal objective is to stay as close as possible to the consensus on international affairs that exists in the country, and thereby preempt opposition on foreign policy issues. So far, the government has been effective in this strategy. The SDI issue has been defused, the question of acid rain has been delayed, and an agreement on the Arctic is likely to be reached. A probable accord over the use of the Northwest Passage would uphold Canada's sovereignty while granting the United States an exemption (in this way barring other states, notably the U.S.S.R., from using it). Among these issues, free trade is exceptional, for while formally it is an external matter, it touches on manifold domestic issues. As such, it remains critical to Canadian politics.

Despite the dramatic size of the Conservative victory in 1984, the government's popularity declined drastically in the first two years. This was due mainly to a perception of both incoherence and incompetence. By mid-1987, however, the Conservatives were able to claim a few successes, notably a sweeping package of constitutional changes negotiated with the provinces—called the Meech Lake Accord. Its most attractive feature is that it has brought Quebec back into the constitutional framework. As a result, even though the Conservatives remained in third place in the public opinion polls, their popularity began to rise. If an appealing trade agreement with the United States can be reached (and there is speculation that the prime minister may call an early election on the issue), it is possible that the Conservatives may stage a comeback.

The Liberal Party maintained a clear lead in the polls during 1986, but recently its popularity has been declining. One key reason for this is that the party is openly divided over several national issues, and John Turner, who was reconfirmed as leader in November 1986, has been unable to restore party unity. The Liberals are badly divided over the Meech Lake Accord. While Turner supports the package, the accord has been bitterly denounced by Pierre Trudeau and other prominent party members. Their criticism is that in order to bring

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Quebec back into the constitutional framework, the federal government moved too far toward decentralization. Particularly disturbing, in their eyes, is the enhanced power of the provinces in the constitutional amending process.

On foreign policy, the divisions are just as pronounced. An influential wing of the party is opposed to closer economic links with the United States; instead it favors broader liberalization of international trade within the framework of the General Agreement on Tariffs and Trade. Some Liberals are also wary of close defense ties with the United States, advocating a termination of cruise missile testing in Canada.

The main beneficiary of the low popularity of the Conservatives and the divisions among the Liberals has been the New Democratic Party. By the summer of 1987 the NDP had moved ahead of the Liberals in some polls. The party's increasing popularity was also reflected in its sweep of three by-elections held in July. Even in Quebec, which has traditionally shunned the party, support is strong, helped no doubt by the refusal of the NDP to oppose the Meech Lake Accord. However, the New Democrats' stand on foreign policy issues diverges radically from the Conservatives. They oppose the idea of a free trade agreement in particular, and closer economic links with the United States in general. On defense issues the official party platform of 1985 commits the NDP to a withdrawal from both NATO and NORAD, reaffirming its traditional stand. Yet it is likely that now—when the party is closer to power—the parliamentary leadership will moderate that position and bring it more into line with the views of the majority of Canadians.

For Mulroney and the Conservatives, therefore, it is essential that a trade pact be concluded with the United States, and that it be on terms that can be readily embraced by a government seeking reelection. The obstacles to such an agreement are, as we have argued, formidable. Domestic political realities on both sides of the border are pushing the two governments further away from the spirit of goodwill and compromise so essential for trade liberalization.

Mulroney and Reagan face a historic opportunity to forge a new North American relationship that would not only stem the tide of nationalism on both sides of the border but would also help to push back the rising tide of protectionism globally. Brian Mulroney is deeply committed to bringing the two countries closer together, but he is not willing to pay any political

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price for it. And certainly neither of the two opposition parties will make the Americans a better offer.

As for Ronald Reagan, this will be the last chance to bring about such a historic change in North America. The price of an agreement with Canada for the United States is modest. Economically, both countries will benefit in the long run. And politically, this would involve the recognition by the Americans that Canadians, although the closest of allies and friends, are a different people, with their own distinct traditions and their own particular vision of the world.

Shortly before the Ottawa summit the U.S. ambassador to Canada, Thomas Niles, claimed that the state of Canadian-American relations was excellent. At one level, this is an appropriate characterization: there is an ongoing dialogue between the two governments, and it is being constantly expanded. Contentious issues are discussed with candor and an obvious willingness to mitigate differences. On the other hand, Mr. Niles' statement masks an important reality: nationalist sentiment on both sides of the border threatens to disrupt the relationship. Should the trade negotiations derail, these sentiments could become inflamed. And as electoral campaigns on both sides of the border heat up in the next year, there will be an even greater need for mutual understanding and restraint.

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THE CUBAN MISSILE CRISIS REVISITED

The Cuban missile crisis has assumed genuinely mythic significance. Dean Rusk called it "the most dangerous crisis the world has ever seen," the only time when the nuclear superpowers came "eyeball to eyeball." Theodore Sorensen called it the "Gettysburg of the Cold War." For Arthur Schlesinger, Jr., it was "the finest hour" of the Kennedy presidency; a moment of maximum nuclear peril traversed without catastrophe. Many people believe that the missile crisis of October 1962 represents the closest point that the world has come to nuclear war. For that reason alone, it is worth continued attention.

Since the Cuban missile crisis remains the only nuclear crisis we have experienced, it remains the great laboratory in which to study the art of crisis management. Yet there is little agreement on the lessons it holds for us today. This disagreement was brought into sharp focus at a recent meeting of scholars and former members of the Executive Committee of the National Security Council (ExComm), the group convened by President John F. Kennedy to advise him on the matter of the Soviet missiles in Cuba.[1] Much of the disagreement that came to light at that meeting and in a subsequent series of interviews

[1] The members of the ExComm were: Dean Rusk (secretary of state), Robert McNamara (secretary of defense), John McCone (director of central intelligence), Douglas Dillon (secretary of the treasury), Robert Kennedy (attorney general), McGeorge Bundy (national security adviser), Theodore Sorensen (presidential counsel), George Ball (under secretary of state), U. Alexis Johnson (deputy under secretary of state), General Maxwell Taylor (chairman of the Joint Chiefs of Staff), Edward Martin (assistant secretary of state for Latin America), Charles Bohlen (adviser on Russian affairs—he left after the first day), Llewellyn Thompson (succeed-

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with key participants revolved around two issues: the course of action that the United States should have taken in 1962; and the relevance of that debate 25 years later.

It is remarkable how little the basic parameters of the dispute about the lessons of the missile crisis have changed over the past quarter-century: either there are many lessons, chiefly emphasizing the need for flexibility, managerial precision and caution in the face of great danger; or there are no lessons, because the nuclear danger of 1962 was almost surely imaginary, a function of a failure to comprehend the pivotal significance of a favorable military balance for the United States. Part of the reason for this standoff, we believe, is due to a too-easy characterization of "hawks" and "doves"—a distinction that originated during the missile crisis itself and continues to the present.[2]

We should be wary of hastily dismissing this event as irrelevant to the present; certain crucial factors have not changed since 1962, or have become all the more important because of the changes in the strategic balance: the psychology of crisis decision-making; the importance of small-group politics; and the risks of inadvertent escalation. But we should also be wary of drawing generalizations that ignore important ways in which the world *has* changed, that cannot be supported by evidence from a single crisis, and that are insensitive to the fact that diplomatic or strategic successes can rarely be repeated in quite the same way. This last consideration was one President Kennedy himself understood well from his reading of Barbara Tuchman's *The Guns of August*.[3] The German leadership in 1914 had expected a repeat of Russia's backdown in the Bosnian crisis of 1909. Instead, they found themselves embroiled in the costliest war mankind had yet seen.

A useful treatment of the lessons of the missile crisis must begin, therefore, by resisting the temptations to dismiss it out of hand or to draw detailed lists of "dos" and "don'ts." It must

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ing Bohlen), Roswell Gilpatric (deputy secretary of defense), Paul Nitze (assistant secretary of defense), Lyndon Johnson (vice president), Adlai Stevenson (ambassador to the United Nations), Kenneth O'Donnell (special assistant to the president) and Donald Wilson (deputy director of the U.S. Information Agency).

[2] According to Arthur Schlesinger, Jr., "the catchwords *hawk* and *dove* made their debut in the missile crisis," and were thrust into the public discussion of the episode soon after in an article by Stewart Alsop and Charles Bartlett. See Schlesinger, *Robert Kennedy and His Times*, Boston: Houghton Mifflin, 1978, pp. 506–507.

[3] Robert F. Kennedy, *Thirteen Days: A Memoir of the Cuban Missile Crisis*, New York: W. W. Norton, 1969, pp. 62, 127.

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begin by identifying those important dimensions of the Cuban missile crisis that would be present in any future nuclear crisis, and by determining how they would bear on its outcome.

II

When former policymakers from the Kennedy Administration and scholars of the missile crisis met in Hawk's Cay, Florida, in March 1987, they looked again at the seven lessons Robert Kennedy drew in his memoir of the crisis, *Thirteen Days*:

(1) Take time to plan; don't go with your first impulse.

(2) The president should be exposed to a variety of opinions.

(3) Depend heavily on those with solid knowledge of the Soviet Union.

(4) Retain civilian control and beware of the limited outlook of the military.

(5) Pay close attention to world opinion.

(6) Don't humiliate your opponent; leave him a way out.

(7) Beware of inadvertence—the *Guns of August* scenario.

This list reflects a large measure of the common wisdom of classical diplomacy, and the successful resolution of the crisis is prima facie evidence of its validity. But the history of the missile crisis has not given the hawks a chance to vindicate their view that more forceful action would have led to at least as desirable an outcome. Perhaps the United States did hold all the cards and could have acted more forcefully, even with impunity. It may be an accident of history—the fact that the hawks were outvoted in the ExComm and that the president did not share their view—that has led people to accept a list of this kind, rather than another emphasizing the importance of quick and decisive military action. The latter sort of list might have had some validity if the nuclear balance, rather than the quarantine or world opinion, had been primarily responsible for the resolution of the crisis.

No one can resolve the controversy over the importance of the nuclear balance in 1962. History is an imperfect laboratory, and there were too many causes of the outcome of the missile crisis for any single factor to be definitive. But in the explanation of the dispute between hawks and doves lies a series of important lessons for future policymakers and future crisis managers. When we ask why hawks and doves have held such different views of the event and have drawn such different conclusions from it, we can identify clearly several key factors which heavily influenced its conduct and outcome. It is these

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factors that can reasonably be expected to bear in any future superpower confrontation. We believe they hold unmistakable lessons, that they reaffirm the validity of Robert Kennedy's list, and that they help us to realize the ways in which the list should be updated.

III

Nuclear war between the superpowers could break out in a variety of ways—as the result of deliberate action, accident, a third-party conflict, or escalation in a crisis. At the time of the crisis, ExComm members assigned different weights to each risk and tended to favor a particular course of action accordingly. Almost from the outset the array of options facing the members of the ExComm fell into three main categories. Being hawkish in the missile crisis meant supporting an early military action, either an air strike on the missile bases or an invasion of the island or both. Dovish views implied wishing to avoid *any* use of military force, even a naval quarantine, and a willingness to resolve the crisis by "trading" American Jupiter missiles in Turkey for Soviet missiles in Cuba. A third group can be characterized as "owlish." This group tended to prefer the quarantine, a (relatively mild) use of military force; this seemed to its proponents to allow for flexible movement—should conditions require it—toward the hawkish or dovish options. In shorthand, therefore, hawks were invaders and doves were traders; "owls" were persuaders.[4]

The distinguishing feature of the owlish group, which included Robert McNamara, McGeorge Bundy and George Ball, was the weight they assigned to the risks of desperate, irrational Soviet action or to inadvertent escalation—the danger that, for example, a Soviet second lieutenant in Cuba would fire the nuclear missile under his charge rather than allow it to be destroyed in an American air strike,[5] or that a stray U-2 over Siberia on an air sampling mission would be interpreted in the Kremlin as pre-first-strike reconnaissance. These people recognized the glaring American strategic nuclear superiority, but

[4] For a full discussion of these distinctions and of the interaction between rational and nonrational causes of war, see Graham T. Allison, Albert Carnesale and Joseph S. Nye, Jr., eds., *Hawks, Doves and Owls: An Agenda for Avoiding Nuclear War*, New York: W. W. Norton, 1986, ch. 8.

[5] American intelligence never confirmed that there were warheads in Cuba for the Soviet medium-range ballistic missiles that were being installed, though the ExComm, quite prudently, had to assume under the circumstances that they were there.

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saw in it as much danger as leverage. The fact that Soviet intercontinental ballistic missiles were "soft" and required considerable time to prepare for launch made them extremely vulnerable to an American first strike, and seemed to shorten the Soviet fuse. Therefore crisis stability and the importance of assuring command and control were sources of concern to the owlish group.

In contrast, hawks discounted these risks. The following exchange between the late General Maxwell Taylor and Richard Neustadt shown on videotape at the Hawk's Cay conference illustrates this quite starkly:

Neustadt: Was [the final] outcome [of the crisis] unexpected to you?

Taylor: I was so sure we had 'em over a barrel, I never worried much about the final outcome, but what things might happen in between.

Neustadt: The outcome to which I'm referring is Khrushchev's acceptance of our . . .

Taylor: Well at some time he *had* to accept. I never expected it on that particular day.

Neustadt: Okay, you thought it was going to go a while longer . . .

Taylor: Unless he was crazy and full of vodka. But I assumed his colleagues in Moscow would take care of him.

Neustadt: You have written in your retrospective in *The Washington Post* on October 5, '82, as I remember—the 20th year—that you don't recall any concern about the strategic balance, or any fear of nuclear exchange in this whole period. Now some of the civilians do recall worries about the time of that second Saturday; worries that really run to two or three steps up the ladder of escalation. The Soviets don't accept our demand; there follows an air strike; the Soviets then feel impelled to strike the missiles in Turkey; the Turks call on NATO for support; we feel we have to do something in Europe; the Soviets then launch a nuclear exchange—something like that was in some of their minds. I take it not in yours?

Taylor: They never expressed it to a military ear, I'll say that.

Neustadt: That's interesting.

Taylor: Not at all. It's the nature of some people [that] if they can't have a legitimate worry, they create them. Apparently they had some of that in the group you're speaking of.

Neustadt: In your mind, there was no legitimacy in this worry?

Taylor: Not the slightest.

Neustadt: Because Khrushchev could look up that ladder . . .

Taylor: If he was rational. If he was *irrational*, I still expected his colleagues to look after him.

What is remarkable about Taylor's analysis is how wedded it is to the classical "rational actor" model of decision-making. Clearly, Taylor believed that the only risk of nuclear war lay in deliberate action by the Soviet leadership, and this risk was

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negligible since, even if Khrushchev were irrational, it would be highly unlikely that he would be able to overrule the remaining members of the Politburo and the military, whose rationality Taylor seems never to have questioned. If all participants could be counted on to act rationally and there were no accidents or mistakes, Taylor would probably have been correct about the low level of risk. But he seems to have been completely unconcerned with the risks of accident, inadvertence, miscalculation, desperation or the breakdown of command and control procedures—on either the Soviet or the American side.

Several members of the ExComm, including Taylor, Dean Acheson, Douglas Dillon, John McCone and Paul Nitze, believed from the start of the crisis that military action against the Soviet bases in Cuba carried little risk of retaliation. The United States held all the cards; the only question in their minds was how great was the fall that the Soviets were bound to take. Some still hold this view, and they have been joined over the past quarter-century by like-minded scholars and publicists who argue that with a tougher response Kennedy could have removed Castro as well as the missiles.

Many in this hawkish group believe at the same time that the crisis holds no significant lessons for today. In their view, the reason why the Soviets capitulated, agreeing to withdraw the missiles from Cuba, and the main reason the Soviets would not have retaliated militarily even if the missiles had been removed by an air strike and (if necessary) an invasion of the island, was the overwhelming American superiority at the strategic nuclear level.[6] As strategic superiority is believed to have been fundamental to the outcome of the crisis, and as it has long since been lost, the missile crisis is thought to be no more (or less) relevant to present concerns than, say, the Peloponnesian Wars. For example, Douglas Dillon took a hawkish position in 1962 when he believed there was scant prospect of a Soviet response, but at Hawk's Cay 25 years later he argued, "It's a totally different world today, and as far as I can see, the Cuban missile crisis has little relevance in today's world."

To Taylor and his hawkish colleagues, any American risks in the missile crisis would have derived almost entirely from military inaction rather than, as others believed, from a decisive

[6] See Raymond L. Garthoff, "The Meaning of the Missiles," *The Washington Quarterly*, Autumn 1982, pp. 76–82.

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action such as an air strike. All were deeply concerned to avoid setting a precedent whereby the Soviets believed they might deceive the United States and then escape unpunished when caught in the lie. Dean Acheson seems to have believed this political risk was central. If the United States failed to stand up to Khrushchev in such a blatant case of deception, what gamble would he try next? Others seem to have been concerned more with what they regarded as the quite real and substantial military significance of the Soviet SS-4s and SS-5s being installed in Cuba. Paul Nitze and Douglas Dillon recall believing that McNamara was profoundly mistaken in his contention that, as he often put it, the Soviets, with their 40 or so missiles in Cuba, had merely moved from an unfavorable balance of 5,000 to 300 in nuclear missiles to one of 5,000 to 340.

The correct interpretation of the significance of the missiles, according to the hawks, was that whereas previously the Soviets in a preemptive strike could have expected to destroy only a tiny fraction of the U.S. strategic forces, they could with the addition of the Cuban missiles plan to destroy perhaps as much as 40 percent of the Strategic Air Command bomber force. Finally, the hawks were very concerned about the risks involved in what they regarded as the foot-dragging aspects of a quarantine. The missiles were discovered before they became operational and ought to be destroyed before they were made ready to fire. Moreover, if the advantage of surprise were lost, a land invasion—costly and potentially a political disaster—would almost certainly be necessary. For all these reasons, in addition to their belief that American conventional and strategic superiority would nullify any Soviet response, the hawks favored an immediate air strike aimed at taking out the Soviet missile sites in Cuba.

In the ExComm's deliberations, the hawks' view did not prevail. President Kennedy and most of his inner circle seem to have had a more expansive view of the risks involved. But more than that, they seem to have felt a fear of inadvertent nuclear war that was not shared by Taylor and the other hawks. McGeorge Bundy recently described it as "the fear of the officer in command who, having given his orders, begins to fear that he may be leading his charges into disaster." Robert McNamara voices his dread the following way:

> [T]he *possibility* of what I call "blundering into disaster" preoccupied me during the missile crisis, not the alleged *probability* of this or that event.

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What the missile crisis impressed upon me was that, yes, we *could* stumble into a nuclear war; that such an event, however "limited," was totally unacceptable; and thus that it must be avoided.

It would have been perfectly natural for the hawks not to feel this apprehension if they did not take the risks of inadvertence seriously. But it is also interesting to note that those who felt the fear of inadvertent nuclear war most keenly approached the crisis not merely as advisers offering their judgments and opinions, but as people who felt that they shared the president's responsibility to get the missiles out of Cuba without humiliation or catastrophe. This sense of responsibility, the resulting heightened sensitivity to the risks of inadvertence, and the associated fear seem to have reinforced each other and to have had a powerful cautionary effect on the ExComm's choices of action throughout the crisis. Together, these considerations go a long way toward explaining the way in which the crisis was eventually resolved.

With pressure building, the president sent his brother Robert to Soviet Ambassador Anatoly Dobrynin with what the Soviets seem to have interpreted as the final American offer to resolve the crisis peacefully. The sequence of events leading directly to the meeting between Robert Kennedy and Dobrynin early in the evening of October 27, 1962, seems to have been as follows:

—*4:00 p.m.:* ExComm meeting. General Taylor arrived with news that an American U-2 had been shot down over Cuba. Hawks' and doves' positions hardened. The meeting became polarized and rancorous.

—*Approximately 6:00 p.m.:* Meeting with the president, including Robert Kennedy, Sorensen, Rusk, McNamara, Bundy and Llewellyn Thompson. According to Robert Kennedy, "At first, there was almost unanimous agreement that we had to attack early the next morning with bombers and fighters and destroy the SAM sites. But again the president pulled everyone back. 'It isn't the first step that concerns me,' he said, 'but both sides escalating to the fourth and fifth step—and we don't go to the sixth because there is no one around to do so.' "[7] It was then suggested that the United States respond to Khrushchev's offer of October 26, to trade Cuban missiles for a guar-

[7] Robert F. Kennedy, *op. cit.*, p. 98.

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antee that the United States would not invade Cuba. Accounts differ as to who originally proposed this tactic.

—*7:45 p.m.:* Robert Kennedy told Dobrynin that the United States would pledge publicly not to invade Cuba if the Soviets would pledge publicly to begin withdrawing the missiles immediately. He also said privately that U.S. missiles were going to come out of Turkey, in any event. He said that if the Soviets did not give a commitment in 24 hours that the bases would be removed, "we would remove them." "I was not giving them an ultimatum," he wrote later, "but a statement of fact." Robert Kennedy returned to the White House "not optimistic." "The expectation was a military confrontation by Tuesday and possibly tomorrow."[8]

There can be little doubt that Khrushchev interpreted this message as a last-ditch chance to avoid war. He took to the airwaves to accept it immediately after receiving the offer.

There remains a great deal of disagreement among the former members of the ExComm on whether Robert Kennedy "traded" the missiles in Turkey, on whether he had given the Soviets an ultimatum and on what the president's next move would have been had the Soviets rejected his terms. Rusk, for example, insists that the sweetener for the Soviets in the arrangement involved only a "piece of information" that was passed along to them to use as they wished—i.e., that the United States had plans already in place for dismantling the Turkish missiles. McNamara resists the idea that Robert Kennedy actually threatened the Soviets with an air strike and an invasion; Dillon, Nitze and Taylor have all expressed confidence in interviews that President Kennedy would have ordered the air strike and invasion within 48 hours of the deadline his brother had imposed on the Soviets; McNamara and Bundy are both convinced that the president would have continued American efforts at persuading the Soviets by "cranking up the quarantine," adding more to the list of prohibited items and perhaps also by intensifying search procedures.

Dean Rusk provided new information to the Hawk's Cay conference indicating that the president had not yet abandoned the option of a public trade of American missiles in Turkey for Soviet missiles in Cuba. By the evening of October 27, according to Rusk:

[8] *Ibid.*, pp. 108–109.

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It was clear to me that President Kennedy would not let the Jupiters in Turkey become an obstacle to the removal of the missile sites in Cuba because the Jupiters were coming out in any event. He instructed me to telephone the late Andrew Cordier, then at Columbia University, and dictate to him a statement which would be made by U Thant, the Secretary General of the United Nations, proposing the removal of both the Jupiters and the missiles in Cuba. Mr. Cordier was to put that statement in the hands of U Thant only after a further signal from us. That step was never taken and the statement I furnished to Mr. Cordier has never seen the light of day. So far as I know, President Kennedy, Andrew Cordier and I were the only ones who knew of this particular step.

As McGeorge Bundy pointed out to the meeting at Hawk's Cay, this step does not necessarily mean that a policy of trading missiles would have resulted. But it may show that the president was sufficiently fearful of inadvertent nuclear war that he would eventually have been willing, in the phrase of former State Department Counsel Abram Chayes, to "buy the missiles out"—to trade publicly, even at the risk of having to pay a heavy political price, both domestically and within NATO.

We will never know for certain what President Kennedy would have done had Khrushchev not responded favorably to his last proposal. But the fact that he laid the groundwork for a public trade indicates the degree to which he was concerned about the possible unintended consequences of extending the crisis, or of an imminent air strike and invasion. It is striking how little the hawks were concerned with these risks, and it is important to note that each group's exposure to the other's views led to polarization and discord rather than convergence and consensus. As the owlish option of the quarantine began to look like a failure, and as the hawkish and dovish options began to look like the only viable alternatives, debate in the ExComm became bitter, tempers flared and positions hardened. But the owls were ultimately vindicated, and the risks of the hawkish and dovish options were successfully avoided. The trade was made, though privately, and the invasion, though threatened, never occurred.[9] The flexibility of the quarantine ultimately paid off.

It is important to recognize that the strategy adopted by the

[9] When we suggest that the trade was made "privately," we recognize that this is a figure of speech describing an action which was of no use to Soviet public diplomacy. But in conveying to the Soviets the information that the Jupiters in Turkey were scheduled for removal, the Administration's intention seems largely to have been to help Khrushchev justify the settlement to his opposition in the Politburo and the military. As George Ball puts it, the aim was to help Khrushchev with his "damage limitation."

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American government for removing the missiles from Cuba was, from beginning to end, owlish to the core. The prevailing opinion in the ExComm was that there were dangerous risks in relative inaction and also in direct and decisive military action. The dovish position, exemplified first by Adlai Stevenson, held that military action was just too risky because of the danger of provoking a superpower war, perhaps even a nuclear holocaust. Hawks, as we have illustrated, saw dangers, political and military, only in the continued presence of the missiles in Cuba. The naval quarantine represented an owlish attempt to reconcile the partial truths contained in the options favored by hawks and doves. If one assumes that there were indeed risks in both action and inaction, in decisiveness and caution, then the resolution of the crisis must be seen as a masterpiece of owlish diplomacy.

What the president decided to do on October 27 was to suggest a stick more awesome than some hawks were comfortable with (because of the possibility that it might require a massive land invasion of Cuba) and a carrot no less attractive than that first suggested by Stevenson, yet—and this is the remarkable part of it—all the while reserving the option to simply continue tightening the naval quarantine. Why is this "owlish"? Because this approach recognizes a wide variety of risks; because it provides a safety net right up until the end; and because it is our judgment that, if forced, the president would have chosen to run the political risk of a trade rather than the risk of an inadvertent nuclear war. In short, we believe that President Kennedy had decided he was not going to initiate war over the missiles in Cuba, but that he would do his utmost to get them removed with the least political cost.

IV

Before, during and at the conclusion of the missile crisis, the American leadership was perplexed by the question of Soviet intentions. The professed confusion added measurably to their fearfulness as the crisis wore on. Of all the ExComm members, none in the president's inner circle had predicted the emplacement of Soviet nuclear missiles in Cuba. Once the quarantine line was in place on October 24, most of the members of the inner circle expected a dramatic Soviet countermaneuver, probably around Berlin. But the Soviets did nothing in Berlin, nor anywhere else. On October 26 and 27, the bewilderment over Soviet thinking intensified with the arrival first of the

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emotional and rambling, but still hopeful letter, obviously from Khrushchev himself, followed by a second letter which seemed to be a Soviet committee document taking a harder line.

Some, like Dean Rusk, reacted to the first letter with fear that Khrushchev had "lost his cool," and thus might begin to think irrationally and act impulsively in ways that would deepen the crisis. Others, like George Ball, recall reacting to the second letter with dismay because they feared Khrushchev might no longer be in charge and that the Soviet military or hardliners in the Politburo had assumed command. Finally, when the ExComm broke up on the evening of October 27, few of those who knew of Robert Kennedy's message to Dobrynin expected that the Soviets would agree to the American offer. Yet not only did the Soviets agree to the American terms, they did so immediately, enthusiastically and without reservation. From the discovery of the missiles to the agreement securing their removal, President Kennedy and his closest advisers found the Soviets almost entirely inscrutable.

Understanding one's adversary is crucial to managing a conflict, as every stage of the Cuban missile crisis illustrates. Consider its genesis. There might not have been a crisis at all—or at least, events might have unfolded very differently—if the Administration had anticipated the Soviet deployment. President Kennedy's public warnings to the Soviets not to deploy offensive weapons in Cuba virtually committed the two countries to a showdown once such missiles were discovered. But Theodore Sorensen offered the following interesting observation:

> Let me say here that the line between offensive and defensive weapons was drawn in September, and it was not drawn in a way which was intended to leave the Soviets any ambiguity to play with. I believe the president drew the line precisely where he thought the Soviets were not and would not be; that is to say, if we had known that the Soviets were putting 40 missiles in Cuba, we might under this hypothesis have drawn the line at 100, and said with great fanfare that we would absolutely not tolerate the presence of more than 100 missiles in Cuba. I say that believing very strongly that that would have been an act of *prudence*, not weakness. But I am suggesting that one reason the line was drawn at zero was because we simply thought the Soviets weren't going to deploy any there anyway.

Of course, Kennedy's warnings were too late; the Soviet decision to deploy had been made months before, and the relevant machinery had been set in gear. Perhaps the president

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would not have tolerated any Soviet offensive missiles in Cuba in any case; but if the Administration had had some reason to believe the Soviets might deploy—or if they had even given sustained thought to the possibility—then both public diplomacy and private deliberations about American responses might have led to a satisfactory outcome that avoided the atmosphere and the risks of a superpower showdown.

Subsequent scholarship has had no difficulty offering plausible explanations of why the Soviets deployed missiles in Cuba; the problem has been one of choosing among them.[10] The move in retrospect seems overdetermined. It is, of course, difficult to say whether such an uncharacteristically risky venture could have been easily foreseen; but it is striking nonetheless that few outside the intelligence community and none in President Kennedy's inner circle seem to have given any serious thought as to why the Soviets might deploy until after the missiles had been discovered.

Perhaps the most important dimension of knowing one's enemy is knowing his view of a crisis and what is at stake, for this largely determines which strategies are appropriate and effective, and which are not. If the adversary sees it as a zero-sum game for which he is willing to take great risks to avoid a loss, then the interaction needs to be handled differently than would be the case if he saw it as a predicament stumbled into by mistake or through stupidity, from which both sides must extricate themselves through cooperative action, avoiding either's humiliation. In these two cases, the same strategies would elicit very different responses and would carry with them very different risks. To make matters even more problematic, the "adversary" may be a contentious group whose internal balance shifts over the course of the crisis.

The quarantine option, and the owlish approach to the Cuban missile crisis in general, was successful largely because it provided the flexibility that enabled the Administration to "learn" about its adversary as the crisis progressed. McGeorge Bundy recalls that as the missile crisis wore on, President Kennedy expressed increasing curiosity about Khrushchev, and about the ways this man's personality might interact with the Soviet system and with the deep crisis they both were in to produce various Soviet actions. In asking their questions, the

[10] See, for example, Graham T. Allison, *Essence of Decision: Explaining the Cuban Missile Crisis*, Boston: Little, Brown and Company, 1971, pp. 40–56.

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president and the other perplexed members of the ExComm turned most often to Llewellyn ("Tommy") Thompson, a former ambassador to Moscow, who was nearly always the only person present at the ExComm meetings who had extensive knowledge of the Soviet Union, the only one who knew in depth its language, history and culture. "Tommy Thompson," Dean Rusk recalls, "was our in-house Russian during the missile crisis." In fact, one of the few interpretations of the missile crisis that all former ExComm members support enthusiastically is Robert McNamara's claim that "Tommy Thompson was the unsung hero." Other experts consulted directly or indirectly included, inter alia, Foy Kohler, Ray Cline, Raymond Garthoff and Averell Harriman. Perhaps in no other two-week period has any American administration learned so much about the Soviet Union and its leaders as Kennedy's did during the Cuban missile crisis.

It is difficult to discover precisely what Thompson did or said to warrant the apparently unanimous verdict that his contribution was heroic. He was certainly not a member of the president's inner circle; he seems to have spoken relatively infrequently at ExComm meetings; and former ExComm members whom we have questioned about Thompson's role have few concrete recollections of anything in particular he said or did during the crisis. It seems clear that whatever Thompson's role may actually have been, the consistent portrayal of him as an almost infallible index of the "Russian soul" must be related in some considerable degree to the feeling among most of the other ExComm members that, in this most tense and dangerous confrontation, they themselves knew next to nothing that would allow them to comprehend and predict Soviet actions accurately. They felt they had to depend heavily upon Thompson, which they did. And now, with the crisis long since having been resolved successfully, they give Thompson a large share of the credit.

What seems indisputable is that all through the crisis President Kennedy and his closest associates found themselves almost continuously mystified by the Soviets, so much so that in retrospect the single member of the group who claimed familiarity with the Soviet Union is given credit for being the hero, the absolutely indispensible man during the crisis.

Some degree of mystery about the Soviet side is likely to be a feature of any superpower crisis. The next nuclear crisis is also likely to catch us by surprise, since both the United States

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and the Soviet Union seek to avoid the kinds of shocking, mutual miscalculations that created this one. The next time, if there is one, we ought to expect the American president and his closest advisers to question in the most fundamental way whether they understand Soviet behavior, and to seek informed, cautious and realistic advice from those whose business it is to know the adversary.

V

Should John Kennedy and his principal advisers have taken a tougher stance 25 years ago? Might they have toppled Castro and deterred the subsequent expansion of Soviet influence? Kennedy is reported to have believed at the time that the odds of fighting between U.S. and Soviet forces were between one out of three and fifty-fifty. With hindsight the odds seem much lower. The Americans had strategic and conventional superiority in the region. Moreover, they were defending a recognized interest, and Khrushchev had to bear the risk of escalation. The Soviets should have been amply deterred. Perhaps more could have been accomplished by a tougher stance, barring unforeseen complications.

Some of the participants at Hawk's Cay felt in retrospect that the chances of a war that could escalate into a nuclear exchange were more like one in fifty. But some felt that even one chance in a thousand of nuclear war would be too high. One Soviet warhead exploding over one American city might have killed five million people, or roughly the same proportion of the population as was killed in the Civil War. Though some believed in 1962 that Khrushchev had chosen a poor location for a crisis and had set himself up for a major fall, the view from the presidential hot seat was psychologically very different from that on the sidelines or with 25-year hindsight.

We recognize that under the circumstances at that time, it is plausible to imagine that all three courses of action—invading, trading and persuading—might have led to satisfactory conclusions, though clearly some carried greater risks and costs than others. Likewise, since the proof is primarily in the pudding, we find little reason to fault the course of action taken by President Kennedy and his advisers. Even Maxwell Taylor remarked, "I never wavered [from favoring the air strike] until my Commander-in-Chief took another decision. And I add, I'm glad he did, because it proved to be enough." But the world of 1987 does differ in crucial respects from the world of

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1962. As Douglas Dillon pointed out, "if the Cuban missile crisis happened today, I'd react in much the same way as Bob McNamara, and I would like to make that absolutely clear."

Whatever one's view of the past, the next crisis is not likely to be as "easy" as the Cuban missile crisis. At the nuclear level, we no longer have superiority (whatever difference that may have made) and there is little prospect that the Soviets will allow us to regain it. Our international political standing and our ability to win the backing of the United Nations, the Organization of American States and NATO have diminished. Domestic politics and the role of the press have also changed. After Vietnam and Watergate there seems slight prospect of preserving secrecy for a week of careful consideration of the options, as Kennedy was able to do. Moreover, the system of nuclear deterrence has become much more complex. In some ways the weapons are better protected than they were in 1962, but the numbers have grown and so has the complexity of command and control systems. Finally, the Soviet Union is changing, but we will never be sure what that means in a crisis. In retrospect, it seems that Khrushchev was taking a higher risk than is normal for Soviet behavior; but what will be a "normal" level of risk in the future? And how will it vary in the Caribbean, the Persian Gulf or Eastern Europe?

Given these considerations, Robert Kennedy's list of lessons looks even more perceptive than it appeared at the time. Nonetheless, hindsight enables us to supplement it. Perhaps the first lesson of an updated list would be the importance of avoiding superpower nuclear crises. Attempts to replay the Cuban missile crisis could lead to fatal mistakes. A corollary is the importance of developing measures and channels of communication that help to avert crises. In short, the most important lesson of the missile crisis a quarter-century later may be to be wary of reading from it simple lessons on crisis management. At the same time, the avoidance of crises is not our choice alone. Crises may be forced upon us as we try to defend important values.

The second lesson concerns the importance of the views of the top leaders who are elected and appointed. Each member of the ExComm brought to the Cuban missile crisis a coherent world view which determined his perceptions of the risks and of Soviet intentions. Each camp had and still has a fully specified and internally consistent account of every aspect of the crisis, ranging from an explanation of why the Soviets deployed

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missiles in the first place, to what the optimal course of action was, to what (if any) the lessons of the crisis are. While the episode illustrates the extent to which some decision-makers are able to learn new information quickly, it equally clearly illustrates the importance and the dangers of rigidly preconceived world views and the effect they can have on the processing of new information.

A third lesson is closely related to the second: rational models of deterrence are not enough. Deterrence is not a game played by two players seated at a chess or poker table. It is played by small groups of people embedded in enormous complex organizations whose outlines they barely discern and whose detailed operations they scarcely control. Communication in a crisis begins to resemble trying to shake hands with boxing gloves. Robert McNamara was acutely aware of the need for civilian control and the need to manage the details so that the wrong signals were not communicated in the crisis. But he could not prevent a U-2 from overflying Soviet territory at the height of the crisis, and he was not aware until 25 years later that his orders to alert our forces were transmitted in the clear (where the Soviets could easily read them) rather than in code, as per standard procedure. Nor was he aware that the FBI possessed information on the second weekend of the crisis that the Soviet mission in New York was preparing to burn its files. In McNamara's words:

> I don't think the Cuban missile crisis *was* unique. The Bay of Pigs, Berlin in '61, Cuba, later events in the Middle East, in Libya, and so on—all exhibit the truth of what I'll call "McNamara's Law," which states: "It is impossible to predict with a high degree of confidence what the effects of the use of military force will be because of the risks of accident, miscalculation, misperception and inadvertence." In my opinion, this law ought to be inscribed above all the doorways in the White House and the Pentagon, and it is the overwhelming lesson of the Cuban missile crisis.

A fourth lesson follows from the third. It is critical for high-level officials to prepare themselves to deal with crises ahead of time. Our country places in high office lawyers, politicians, academics and businessmen who have no experience with nuclear systems, yet they are expected to handle a nuclear crisis if one occurs. The briefings on nuclear operations that top officials receive from the professional military at the beginning of an administration's term have been described as analogous to being given a drink from a firehose. Furthermore, the

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briefings come at a time when a new administration is preoccupied with the politics of transition. We need to find ways through briefings and simulations to ensure that top officials have a better grasp of the complexity of the nuclear systems they direct before a crisis occurs. On-the-job learning during a crisis is unacceptably risky.

Finally, in a world where the leaders of the two superpowers discussed the possibility of ridding the world of nuclear weapons at a summit conference, if only in sketchy and confused terms, the Cuban missile crisis may hold some lessons on the limits of current debates about nuclear deterrence. On the one hand, the Cuban missile crisis shows that a little nuclear deterrence went a long way. At least for the group of American leaders at that time, superiority did not remove the prudence that was engendered by even a low probability of a few Soviet warheads exploding over our cities.

Perhaps Soviet leaders might have reacted differently had positions been reversed; but it seems clear that nuclear deterrence had a good deal to do with the fact that Khrushchev did not respond with a Berlin blockade or pressure on Turkey, as some of the participants expected. The specter of nuclear catastrophe lurking at the end of a chain of events had a powerful cautionary effect on both sides. It fostered a caution that, as George Ball noted, would not have been present to the same degree if only conventional forces had been involved. And that is the other side of the same lesson. If a little nuclear deterrence goes a long way, some may be necessary. Talk of stable conventional deterrence may miss this important lesson of the missile crisis—at least as long as intense political competition exists between the United States and the Soviet Union.

As long as that political competition persists, the horror of nuclear weapons will have the ironic effect of producing both fear and caution. The Cuban missile crisis would appear to have had the desirable effect of reinforcing these responses, and the result has been, in the past 25 years, that we have weathered arms races, third-party wars at various global flash points, and a renewal of cold-war rhetoric without a superpower confrontation of comparable magnitude or intensity. But we cannot rely on fear and caution exclusively; the next superpower crisis will almost certainly be accidental and unexpected. We will have to learn to manage the U.S.-Soviet competition to reduce the risks we have thus far dodged. This will involve learning to avoid crises by strengthening the rules of

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the road until U.S.-Soviet hostility fades. But it will also involve learning to manage crises more effectively while we strive to improve the relationship over the long run. In the meantime, we will be drawn back repeatedly to the Cuban missile crisis and the effort to understand the lessons it can teach us. Though the world of 1962 is becoming increasingly remote, some of its lessons seem timeless.

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RECENT BOOKS ON INTERNATIONAL RELATIONS

Edited by Lucy Edwards Despard

General: Political and Legal

John C. Campbell

THE SPECIALIZED AGENCIES AND THE UNITED NATIONS: THE SYSTEM IN CRISIS. By Douglas Williams. New York: St. Martin's, 1987, 279 pp. $29.95.
THE UN, UNESCO AND THE POLITICS OF KNOWLEDGE. By Clare Wells. New York: St. Martin's, 1987, 281 pp. $32.50.

It is not an exaggeration to say that the U.N. agencies (and in many respects the entire world organization) are in a state of crisis. Douglas Williams, a senior British civil servant long associated with the work of those agencies, describes the causes, nature and consequences of that crisis in skillful and objective fashion. He clearly shows how the system, in some though not all of the agencies, has been frustrated by the "politicization" of presumably technical and economic functions, yet recognizes that basic political differences exist and cannot be wished away. They call for negotiation, but the U.N. and its agencies are a most unfavorable venue for this task. In her book Clare Wells, a former UNESCO official, tells in all its dreary detail the story of how Western and Third World representatives have argued, bargained and voted on the flow and control of information. The West, backed by its powerful media, has not done badly at all; the "new international information and communications order" is still no more than a Third World dream. The latter part of the book deals with the less controversial but still sharply debated matters of regulation and setting of standards in education, science and culture. The author does not go deeply enough into why America and Britain withdrew from UNESCO, but she ventures the opinion that they will come back.

THE U.N.: IN OR OUT? By Ernest van den Haag and John P. Conrad. New York: Plenum, 1987, 355 pp. $19.95.

A debate in which the authors state their views, argue with each other, rebut and counter-rebut. The subject is not merely whether America should be in or out of the U.N. and its related agencies but whether these organizations have any useful role at all to play in world affairs. Conrad supports the U.N., van den Haag dismisses it as useless or worse, and in general their exchanges reflect the conflict of views that exists in American society on this issue. However, both take such extreme positions and repeat them so often—as arguments are conducted in many of the proceedings in the U.N. itself—that the debate does not contribute much to the cause of public enlightenment.

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NATIONAL NEGOTIATING STYLES. Edited by Hans Bennendijk. Washington: Center for the Study of Foreign Affairs, Foreign Service Institute, 1987, 147 pp.

The Foreign Service Institute has made a number of studies of the art and practice of negotiation, of which this slim volume is an outstanding example. It contains essays on the negotiating styles of China, Japan, Russia, France, Egypt and Mexico, each written from a background of diplomatic experience, scholarly expertise or both. They may not provide an aspiring diplomat with all the guidance necessary for successful negotiation with fellow diplomats of those six countries, but there are many useful lessons here both for those engaged in the practice of diplomacy and for those who study and seek to understand it.

ETHICS AND INTERNATIONAL AFFAIRS: VOL. I. Edited by Robert J. Myers. New York: Carnegie Council on Ethics and International Affairs, 1987, 223 pp. $10.00.

This first volume of what is planned as an annual publication is noted here because of its serious treatment of an important and neglected subject, the quality of the contributors (authors include Jacques Barzun, Stanley Hoffmann and Ali Mazrui), and the editorial policy of openness to differing views.

General: Military, Technological and Scientific

Gregory F. Treverton

DEMOCRACY AND DETERRENCE: THE HISTORY AND FUTURE OF NUCLEAR STRATEGY. By Philip Bobbitt. New York: St. Martin's, 1987, 325 pp. $35.00 (paper, $14.95).

This is an important, difficult book in an area where fresh perspective seems improbable. Deterring a Soviet nuclear attack on the American homeland has always been a relatively undemanding task, and so American strategic planning has been driven by the problem of extending nuclear protection to Western Europe and Japan. "Crises of vulnerability" did not affect homeland-to-homeland deterrence but did create tensions in extended deterrence; when those tensions were addressed through innovation in strategic doctrine, the result did change the central relationship. The latest vulnerability is more portentous because it arises not from "technological or operational developments but from the growing social alienation of the democratic publics from the policy of nuclear deterrence."

EXTENDED DETERRENCE: THE UNITED STATES AND NATO EUROPE. By Stephen J. Cimbala. Lexington (Mass.): Lexington Books, 1987, 229 pp. $32.00.

This is more a collection of essays than a book, but Cimbala is thoughtful and open-minded; he understands the interconnection of American strategic forces and deterrence in Europe. In that regard, his discussion of the implications of strategic defense for NATO, although scattered throughout several places in the book, is thorough and provocative.

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STRATEGY AND FORCE PLANNING: THE CASE OF THE PERSIAN GULF. By Joshua M. Epstein. Washington: Brookings, 1986, 169 pp. $28.95 (paper, $10.95).

Recent attention to conventional forces again has produced the usual pronouncements of doom and gloom about Western capabilities, and concerning no place more than the Gulf, so far from the United States and so relatively close to the Soviet Union. Yet those pronouncements are often more rhetoric than analysis. Using detailed models Epstein argues that an American force smaller than the currently planned Rapid Deployment Force could mount a credible defense of Iran against a Soviet attack, by exploiting Soviet vulnerabilities.

AMERICAN ESPIONAGE AND THE SOVIET TARGET. By Jeffrey Richelson. New York: Morrow, 1987, 383 pp. $18.95.

Richelson tells how the U.S. has collected intelligence on the Soviet Union, often in cooperation with allies—from the early postwar recruiting of Soviet agents to today's near-total reliance on satellites and other technical means that consume the bulk of the $20-billion annual intelligence budget. As with Richelson's other books on intelligence, his ferreting of information from a variety of sources is impressive. Unlike his other books, however, this one provides information, not analysis, and the reader would like him to venture conclusions beyond the suggestion that, in the 1990s, American intelligence ought to concentrate less on Soviet military capabilities, more on that nation's political evolution.

STRATEGIC DEFENSES AND SOVIET-AMERICAN RELATIONS. Edited by Samuel F. Wells, Jr., and Robert S. Litwak. Cambridge: Ballinger, 1987, 232 pp. $29.95 (paper, $16.95).

THE TECHNOLOGY, STRATEGY, AND POLITICS OF SDI. Edited by Stephen J. Cimbala. Boulder (Colo.): Westview Press, 1987, 252 pp. $27.50.

PERSPECTIVES ON STRATEGIC DEFENSE. Edited by Steven W. Guerrier and Wayne C. Thompson. Boulder (Colo.): Westview Press, 1987, 358 pp. $29.95 (paper).

THE SDI CHALLENGE TO EUROPE. By Ivo H. Daalder. Cambridge: Ballinger, 1987, 185 pp. $19.95.

SDI is in political ebb, but books about it are in flow—all without our knowing exactly what it is. Of the edited volumes, that by Wells and Litwak is the best, with a relatively brief introduction that sets SDI in the context of both history and American offensive force modernization. Charles Glaser's chapter and the ensuing panel discussion on the problem of transition are especially interesting. The Cimbala volume, most of whose authors are of more conservative bent, is strongest in its treatment of point defenses. The Guerrier and Thompson volume is a source book, with short analyses and statements of position by political figures, for and against SDI. Daalder has the benefit both of single authorship and of being a European who knows American strategy well. He understands strategy but gives primacy to politics. This long essay is the best discussion of SDI and Europe so far.

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BETTER A SHIELD THAN A SWORD: PERSPECTIVES ON DEFENSE AND TECHNOLOGY. By Edward Teller. New York: Free Press, 1987, 225 pp. $19.95.

The title of Teller's book makes it sound as though it too is about SDI, and so it is in part. But its 30 short essays, about half of them published before, range across Teller's life, work and philosophy. His sketches of the famous physicists with whom he has worked are engaging. The book displays no shortage of ego, but if it will not change the minds of his detractors, it does provide insight into a man who has had a profound impact on the shape of weaponry in this century.

AMERICA THE VULNERABLE: THE THREAT OF CHEMICAL AND BIOLOGICAL WARFARE. By Joseph D. Douglass, Jr., and Neil C. Livingstone. Lexington (Mass.): Lexington Books, 1987, 204 pp. $19.95.

This is an attempt to sound the tocsin over the emerging threat of chemical and biological weapons, especially those that might emerge from the revolution in biotechnology. For the authors, the threat derives not just from the Soviet Union but also from Third World states and, still more ominous, from terrorists working in home laboratories. The warning is on the mark, but it is undermined by the book's heavy-handed assertions—for instance, that America's domestic narcotics problem derives from a number of factors, "not the least of which is the direct role played by nations such as Cuba, Nicaragua, Bulgaria, East Germany and Hungary."

WAR GAMES: THE SECRET WORLD OF THE CREATORS, PLAYERS, AND POLICY MAKERS REHEARSING WORLD WAR III TODAY. By Thomas B. Allen. New York: McGraw-Hill, 1987, 402 pp. $19.95.

The story this book has to tell—of gaming and simulation extending back to military chess of the 17th century—is better than the theme suggested by its subtitle: that the abstractions of gaming encourage a belief that wars can be fought and won. Its own evidence belies that conclusion, for the book tells how simulations anticipated recent messy situations in both the Strait of Hormuz and in Middle East hijackings.

INTELLIGENCE AND STRATEGIC SURPRISES. By Ariel Levite. New York: Columbia University Press, 1987, 220 pp. $27.50.

This small book is thought-provoking if ultimately unconvincing. It launches a broadside against the now conventional wisdom about surprise attack, based in significant measure on Roberta Wohlstetter's classic work on Pearl Harbor: that warning was available but not grasped because of organizational and psychological barriers. Reexamining Pearl Harbor and Midway, Levite argues that in fact sufficient warning indicators were not available before Pearl Harbor. Two cases, however, are a modest basis for generalizing, especially for an author as careful about method as Levite. More important, he comes close to arguing a tautology: if warning was not grasped, the indicators must have been insufficient.

General: Economic and Social

William Diebold, Jr.

INTERNATIONAL FINANCIAL INTERMEDIATION. By Ralph C. Bryant. Washington: Brookings, 1987, 181 pp. $26.95 (paper, $9.95).

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This excellent study is something between a sophisticated primer and a condensed handbook. It explains very clearly what the internationalization of banking and finance means, and examines its extent and the reasons it has developed. The advantages and disadvantages of the new situation—and what is yet to come—are neatly sketched, along with the policy problems for national governments and international bodies. The book summarizes a great deal of research by others, but the clear-sighted Mr. Bryant of Brookings is firmly in control.

MANUFACTURING MATTERS. By Stephen S. Cohen and John Zysman. New York: Basic Books, 1987, 297 pp. $19.95.

According to this lively book, manufacturing matters because it is the main source of wealth, jobs, international competitiveness and technological progress. Many of the variegated range of activities called "services" are closely linked to manufacturing in the national economy; others cannot fully substitute for the loss of manufacturing. The California authors make a good analytical case with hard-driving arguments (although it is not clear just what they think about American-owned plants abroad). Their policy recommendations are broad rather than specific and stress the importance of focusing large areas of public and private behavior on making manufacturing internationally competitive.

THE FUTURE OF THE NORTH AMERICAN GRANARY. Edited by C. Ford Runge. Ames: Iowa State University Press, 1987, 238 pp.

Among the many books on the problems of American agriculture this volume stemming from a conference at the University of Minnesota is of exceptional interest because of its scope. There are good papers on the usual international and domestic factors that have caused trouble, plus a comparison with Canada on some points. Nearly three-quarters of the book concerns the future and deals with technological developments in biogenetics, information and finance, resources of land and water, environmental considerations and possible changes in climate.

THE NATIONAL DEBT. By Lawrence Malkin. New York: Henry Holt, 1987, 309 pp. $17.95.

Debt is only the beginning for this fluent, wordy, well-informed book by a writer for *Time*. He covers any number of issues in what is practically a financial history of recent decades, attractively embellished with gossip, unpublished quotes by famous people and a commentary on what Keynes really meant. Issues are clearly explained and blame is freely assigned, especially to the U.S. government and American banks.

DOLLARS, DEBTS, AND DEFICITS. By Rudiger Dornbusch. Cambridge: MIT Press, 1987, 240 pp. $20.00.

Exchange rates, the debts of developing countries, and European unemployment are the large subjects tackled by Professor Dornbusch of MIT. Much of the book is in economists' language—formulas and graphs—but the analysis takes account of factors that escape theory and econometrics, and the conclusions about policy are clear and often challenging.

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ON EDGE: INTERNATIONAL BANKING AND COUNTRY RISK. By Ellen S. Goldberg and Dan Haendel. New York: Praeger, 1987, 116 pp. $32.95.

Short as it is, this is a first-rate survey of approaches to the debt problem. Bank regulators get more attention than in most other studies. Although the authors do not arrive at any prescription, their study on the whole strengthens the view that the world is up against something more than can be dealt with through case-by-case rescheduling alone.

THE POLITICAL MORALITY OF THE INTERNATIONAL MONETARY FUND. Edited by Robert J. Myers. New Brunswick (N.J.): Transaction Books (for the Carnegie Council on Ethics and International Affairs), 1987, 184 pp. $24.95 (paper, $14.95).

Not all the contributors write about moral issues. Those who do are mostly concerned with equity, human rights, political responsibility and the burden of austerity on the poor. Other papers, however, touch on fundamental ethical issues when they raise questions about what alternatives there are to the conditions the IMF lays down for debtors; the possibility that Fund prescriptions are not only arrogant but incorrect; whether a narrow focus may contribute to better overall results than could be achieved by explicitly pursuing "political morality"; and whether it is to the Fund or to member governments that moral judgments should apply.

THE PARADOX OF POVERTY: A REAPPRAISAL OF ECONOMIC DEVELOPMENT POLICY. By Paul Steidmeier. Cambridge: Ballantine, 1987, 344 pp. $29.95.

Why does poverty persist even when economic development takes place? The means to end it exist, according to this analysis, but corruption and the abuse of power stand in the way. The author goes to some length to stress the importance of including social change and the understanding of cultural factors in development efforts, but he has disappointingly few explanations of how rich and poor are to be motivated to create the missing political will. Perhaps that is because, as he says, "There is no blueprint for development policy."

PETROLEUM AND MEXICO'S FUTURE. Edited by Pamela S. Falk. Boulder (Colo.): Westview Press, 1987, 124 pp. $21.50.

These papers by four Americans and three Mexicans go far beyond oil, which is just as well since, as René Villereal points out, although Mexico is the fourth-largest petroleum producer in the world, hydrocarbons represent only ten percent of its total national product. The political effects of Mexico's economic troubles and the future of trade with the United States are well treated by experts.

JAPAN'S HIGH TECHNOLOGY INDUSTRIES: LESSONS AND LIMITATIONS OF INDUSTRIAL POLICY. Edited by Hugh Patrick with Larry Meissner. Seattle: University of Washington Press, 1987, 300 pp. $40.00.

This excellent book throws a good deal of light on what the Japanese do about biotechnology, communications and other high-tech industries, and how they do it. The authors are not fully in agreement about which measures are most responsible for which results, but their broad and subtle

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analyses help readers to understand important differences between the United States and Japan. Industrial policy, antitrust law, protectionism and the differing mixes of competition, cartelism and "organization" all receive attention, but the focus that recurs most often concerns the differences in the way research and development are regarded and carried out in the two countries.

JAPAN AND THE UNITED STATES TODAY. Edited by Hugh T. Patrick and Ryuichiro Tachi. New York: Center on Japanese Economy and Business/Columbia University, 1987, 234 pp.

Good papers and discussion from a June 1986 conference focusing on financial markets, exchange rates and macroeconomic policies as they affect Japanese-American relations.

The United States

Gaddis Smith

ARMED TRUCE: THE BEGINNINGS OF THE COLD WAR, 1945–46. By Hugh Thomas. New York: Atheneum, 1987, 667 pp. $27.50.

This is a formidable work of historical counter-revisionism emphasizing the brutality of Soviet behavior in the immediate aftermath of World War II. The United States and the West are faulted for weakness toward Moscow, not provocation. The research is deep on the situation in Eastern Europe, skimpy on Asia. The spirit in which Winston Churchill delivered his Iron Curtain speech is alive and shrill in this book, the first heavy salvo in a projected history of the cold war.

MORTAL RIVALS: SUPERPOWER RELATIONS FROM NIXON TO REAGAN. By William G. Hyland. New York: Random House, 1987, 271 pp. $19.95.

Mr. Hyland, now editor of *Foreign Affairs,* served under Henry Kissinger, whom he admires, as principal Soviet analyst in the National Security Council and State Department. This lucid memoir of the years 1969–1977, with reflections on the period since, is an important source for recent history. One of his interesting conclusions: "If the Vietnam war was criminal, it was not because of the way it was conducted but because it led to the nearly disastrous neglect of America's power position relative to the Soviet Union."

OUT OF STEP: AN UNQUIET LIFE IN THE 20TH CENTURY. By Sidney Hook. New York: Harper & Row, 1987, 628 pp. $29.95.

Sidney Hook has been an outspoken, often profound political philosopher and polemicist for six decades. This lively intellectual autobiography focuses on epic battles against reactionaries of various complexions during the author's youth and against those who since World War II have not shared his fervent distrust of the Soviet Union. He is particularly scathing about academic colleagues who, in his opinion, compromised the integrity of the universities by appeasing radical protesters during the Vietnam era. A very good book.

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GEORGE C. MARSHALL: STATESMAN 1945–1959. By Forrest C. Pogue. New York: Viking, 1987, 603 pp. $29.95.

This is the fourth and final volume of Forrest Pogue's magisterial biography, the product of half a lifetime's work. There is less zest and tension here than in the three military volumes, because Marshall the statesman, for all his grasp of world conditions, was tired and aging. He approved the broad course of policy, including the plan that bears his name, but the implementation was the work of subordinates. There was nothing secret about his goals and methods at this time, hence no revelations here.

COMMANDER IN CHIEF: FRANKLIN DELANO ROOSEVELT, HIS LIEUTENANTS AND THEIR WAR. By Eric Larrabee. New York: Bessie/Harper & Row, 1987, 723 pp. $25.00.

The theme of this immensely readable military history is the intangible quality of leadership displayed by Roosevelt and the men he picked or approved for high command during World War II: Marshall, King, Arnold, Vandegrift, MacArthur, Nimitz, Eisenhower, Stilwell, LeMay. The book, based on a mastery of the published literature, is written in heroic style, treating war as triumph, not as hell.

POLITICS AND VISION: THE ADA AND AMERICAN LIBERALISM, 1947–1985. By Steven M. Gillon. New York: Oxford, 1987, 289 pp.

Based on manuscript collections, oral histories and interviews, this history of the Americans for Democratic Action is a model for how scholars should trace the connections of domestic politics with foreign policy. ADA members from the beginning were divided between allegiance to distant ideals and a commitment to politics as the art of the possible. The most painful crises and ultimate failure of the ADA revolved first around whether all issues should be subordinated to anti-communism and, then, around whether the Vietnam War was a practical failure or symptom of a fundamental perversion of American values. "Vietnam," writes Gillon, "was to liberalism what slavery was to the Civil War."

VISIONS AND NIGHTMARES: AMERICA AFTER REAGAN. By Robert Lekachman. New York: Macmillan, 1987, 316 pp. $19.95.

This is an excoriating and witty attack on the domestic and military policies of the Reagan Administration by an economist with a literary flair comparable to J. K. Galbraith. The author's nightmare is that after Reagan there will be more Reagan. The vision is an election in 1988 which will redirect the nation toward compassion, equality and justice—perhaps under the leadership of Mario Cuomo. An inspiring book for liberals.

CONGRESS AND THE NUCLEAR FREEZE: AN INSIDE LOOK AT THE POLITICS OF A MASS MOVEMENT. By Douglas C. Waller. Amherst: University of Massachusetts Press, 1987, 368 pp. $30.00 (paper, $12.95).

The author was a staff aide to Congressman Edward J. Markey, sponsor of the nuclear freeze resolution in the House. He has written a fascinating, detailed account of the interaction of the Freeze Movement, Congress and the Reagan Administration. The book is and will remain an important source for the political history of arms control. It is fresh and original on a subject which generates much repetitious writing. The author's conclusion

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is that the Freeze Movement and congressional action had a large and positive influence.

CONGRESS AND UNITED STATES FOREIGN POLICY: CONTROLLING THE USE OF FORCE IN THE NUCLEAR AGE. Edited by Michael Barnhart. Albany: State University of New York Press, 1987, 196 pp. $44.50 (paper, $14.95).

The emphasis of the fine essays in this astonishingly priced book—prepared to commemorate the opening of the Jacob K. Javits papers—is historical: the deep roots of the tension between executive and legislature, the experience and differing intents of the constitutional founding fathers, the pattern of congressional-presidential struggle before the cold war, and case studies of the recent past.

The Western Hemisphere

Robert D. Crassweller

NO OTHER WAY: CANADA AND INTERNATIONAL SECURITY INSTITUTIONS. By John W. Holmes and others. Toronto: Centre for International Studies, University of Toronto, 1987, 162 pp. $8.75 (paper).

Canada, it can be argued, leads all other nations in the depth and range of its commitment since 1945 to making international organizations effective; and few Canadians have written as wisely on the subject as the diplomat-scholar-public advocate John W. Holmes. The two parts of the present book deal with the United Nations and NATO. Holmes and seven colleagues call for perseverance in the commitment, not its abandonment.

—Gaddis Smith

NATIONAL SECURITY AND UNITED STATES POLICY TOWARD LATIN AMERICA. By Lars Schoultz. Princeton: Princeton University Press, 1987, 377 pp. $42.50 (paper, $12.95).

Writing with clarity and perspicacity, the author of this important study traces the sources of the current unprecedented dissension concerning U.S. Latin American policy. Specifically, the thesis is that U.S. policy toward Latin America "is largely determined by the manner in which one fact, instability, is simplified when it is perceived by U.S. policymakers; this simplification, in turn, is governed by a series of beliefs about the causes of instability and the consequences for U.S. security." A concluding chapter describes changing beliefs and realities, and questions an undiscriminating commitment to national security as counterproductive.

CENTRAL AMERICA AND THE REAGAN DOCTRINE. Edited by Walter F. Hahn. Washington: University Press of America (for the Center for International Relations, Boston University, and the United States Strategic Institute), 1987, 318 pp. $22.50 (paper, $12.25).

This compilation of 16 articles published in *Strategic Review* includes two devoted to the geopolitics of the Central American region, three on Nicaragua, six on regional issues, and five on U.S. policy. The main thrust is a plea for a bipartisan U.S. approach in the form of a Kennedy/Reagan doctrine based on the cold war principles developed in 1960–62.

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AT WAR IN NICARAGUA: THE REAGAN DOCTRINE AND THE POLITICS OF NOSTALGIA. By E. Bradford Burns. New York: Harper & Row, 1987, 211 pp. $14.95 (paper, $6.95).

In this strong attack on current U.S. policy, occasionally veering toward the apocalyptic, one theme emerges clearly and forcefully: order and stability in the region will come only from a higher degree of social justice brought about by economic development. Insofar as immediate policy is concerned, the Contadora approach is favored.

CONFLICT IN NICARAGUA. Edited by Jiri Valenta and Esperanza Durán. Boston: Allen & Unwin, 1987, 440 pp. $44.50 (paper, $19.95).

More representative of widely divergent viewpoints than most of the current writing on Nicaragua, this collection fills a definite need. The essays explore the roots of the crisis as well as its internal, regional and international dimensions. There is a final section attempting a synthesis of viewpoints. The essays were presented at an April 1986 seminar sponsored by the Royal Institute of International Affairs and the University of Miami's Institute of Soviet and East European Studies. They are reinforced by a useful reprinting of several basic documents from Sandinista and other sources.

THE BEAR IN THE BACKYARD. By Timothy Ashby. Lexington (Mass.): Lexington Books, 1987, 240 pp. $22.95.

Arguing that Russia's role in the Caribbean forms a significant element in the overall Soviet thrust to destabilize the U.S. position, the author advocates a counterpolicy of "usurpation of Moscow's own tactics," that is, the use of proxies and military assistance and the unification of factions within allied countries. The study centers on Cuba, Nicaragua and Grenada, with a lesser emphasis on Jamaica, El Salvador, Honduras, Guyana and Suriname.

SOVIET-LATIN AMERICAN RELATIONS IN THE 1980s. Edited by Augusto Varas. Boulder (Colo.): Westview Press, 1987, 290 pp. $34.50.

Three of these essays, written for the most part by Latin American academics, are devoted to regional overviews of the Latin American relationship with the Soviet Union, and the balance of the book offers national case studies investigating it in more detail. Cuba and Nicaragua figure prominently, but there is also good material on Argentina, Brazil, Mexico, Peru and Costa Rica.

THE SOVIET BRIGADE IN CUBA. By David D. Newsom. Bloomington: Indiana University Press, 1987, 122 pp. $25.00 (paper, $7.95).

One of the diplomatic curiosities of the last decade was the "discovery" of a Soviet brigade in Cuba in 1979, and the political flap that ensued. The brigade had been stationed near Havana since 1962, with American acquiescence, but its swift ascent into the limelight 17 years later testified to the dangers of too intimate a mingling of politics and intelligence gathering. This is a detailed, serious and very interesting analysis of the episode and its consequences and implications. Stansfield Turner has contributed a foreword.

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FIDEL AND RELIGION: CASTRO TALKS ON REVOLUTION AND RELIGION WITH FREI BETTO. New York: Simon & Schuster, 1987, 314 pp. $19.95.

A Dominican priest from Brazil reports on 23 hours of conversation with Fidel Castro, who now asserts that religion can be a stimulant as well as an opiate. A Marxist can be a Christian and a Christian can work with a Marxist government: "What is important in both cases is a question of sincere revolutionaries disposed to abolish the exploitation of man by man." Castro admits his debt to the Jesuits who educated him, but Harvey Cox, in his introduction, suggests that Castro picked up the style of Jesuit thinking but not the content.

POLITICS AND PETROLEUM IN ECUADOR. By John D. Martz. New Brunswick (N.J.): Transaction Books, 1987, 345 pp. $34.95.

This is an analysis of the Ecuadorian military regime of 1972–79 and the democratic government of 1979–84 in terms of petroleum politics. The author describes the domestic, international and multinational corporate pressures at work, and sees the Ecuadorian future as ambiguous, since he believes that "one of the irreversible consequences" of petroleum in Ecuador is a dramatic extension of the authority of the state.

Western Europe

Fritz Stern

DAVID LLOYD GEORGE: A POLITICAL LIFE. THE ARCHITECT OF CHANGE, 1863–1912. By Bentley Brinkerhoff Gilbert. Columbus: Ohio State University Press, 1987, 546 pp. $40.00.

An overly elaborate biography of one of the titans of 20th-century British politics, breaking off just before his emergence as the dominant leader during and after the Great War. Copious citations from unpublished sources give breadth to this study of a full-time professional politician with radical passion and ambition. He turned an impoverished childhood in Wales into a permanent political asset and still resented that, at Balmoral, the Court with its Tory atmosphere showed "everybody very civil to me as they would be to a dangerous wild animal. . . ." The book is good on his conversion from a pro- to an anti-German position between 1908 and 1911, but is otherwise and understandably devoted to Lloyd George's part in domestic politics and his preeminent role in fashioning the New Liberalism.

DIVISION AND DETENTE: THE GERMANIES AND THEIR ALLIANCES. By Eric G. Frey. New York: Praeger, 1987, 194 pp. $33.95.

A lucid account of German-German relations, a subject of great importance and murkiness. Frey argues persuasively that close relations between the two German states signal not the desire for—let alone the coming of—reunification, but a continuing political accommodation to the status quo. A useful, timely and astoundingly up-to-date analysis.

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IN HITLER'S GERMANY: EVERYDAY LIFE IN THE THIRD REICH. By Bernt Engelmann. New York: Pantheon, 1987, 335 pp. $21.95.
INSIDE NAZI GERMANY: CONFORMITY, OPPOSITION, AND RACISM IN EVERYDAY LIFE. By Detlev J. K. Peukert. New Haven: Yale University Press, 1987, 288 pp. $25.00.

Both books try to tell the story of ordinary, everyday life in Nazi Germany; though different in character, each has its own shortcomings. Engelmann, a well-known German journalist, uses interviews and his own experiences: he relates anecdotes, tinged with sentimentality, that tell a familiar tale of Nazi violence and a range of responses from careerist acquiescence to concealed, sometimes very effective resistance. A popular study, with some historical inaccuracies. Peukert aims at a scholarly study and uses much valuable documentary evidence collected by the regime itself and by the exiled Socialist Party. Originally a two-volume study in German, his condensation is diffuse, mixing historical account with a labored sociological analysis. Important material about the variety of responses, especially the widespread grumbling, but presented with inadequate historical empathy.

THE BERLIN WALL. By Norman Gelb. New York: Times Books, 1987, 321 pp. $19.95.

An American network correspondent on the spot during the Berlin crisis has written a facile account of what he rightly sees as an event of dramatic importance: the building of the Berlin Wall, with its lasting implications for the city, the two Germanies and East-West relations. A popular retelling of a familiar story, emphasizing Western unpreparedness and initial passivity. Marred by historical inaccuracies and, in places, by inadequate documentation.

The Soviet Union and Eastern Europe

John C. Campbell

GORBACHEV'S CHALLENGE: ECONOMIC REFORM IN THE AGE OF HIGH TECHNOLOGY. By Marshall I. Goldman. New York: W. W. Norton, 1987, 296 pp. $16.95.

The subject is not Gorbachev's challenge to the West but what he can do about the Soviet economy at a time when, by comparison with the industrial democracies, it is being left behind by the pace of technological change. The author even takes it upon himself to offer Gorbachev some quite specific advice, which probably goes well beyond the advice he is getting from his own economic and political counselors. Goldman knows well enough, and stresses in this book, the serious bureaucratic and other obstacles to reform, and he does not expect Gorbachev or any other Soviet leader to abandon what have been essential features of the Soviet system. The comparative analysis of reforms in Hungary, East Germany and China, and their possible relevance for the U.S.S.R., is worth close attention.

SOVIET STRATEGIC DECEPTION. Edited by Brian D. Dailey and Patrick J. Parker. Lexington (Mass.): Lexington Books, 1987, 538 pp. $49.00.

Deception, as the many authors of this massive work demonstrate, is an integral part of Soviet strategy, propaganda, diplomacy and military plan-

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ning. The book is a valuable resource for those, whether in public office or outside, who have an interest in knowing what the Soviets are aiming at, how they operate, and what success they have had. The most informative chapters, by former or current professionals in U.S. intelligence services, describe Soviet organization, themes and past practices of deception. Some of the others have considerable ideological content of their own and are mainly directed to criticism of those on the American side who allegedly have allowed the Soviets to put the West at a disadvantage through use of deception; much of this argument follows that of the opponents of the SALT and ABM agreements and the whole process of arms control through negotiation.

THE OTHER SIDE: HOW SOVIETS AND AMERICANS PERCEIVE EACH OTHER. Edited by Robert D. English and Jonathan J. Halperin. New Brunswick (N.J.): Transaction Books, 1987, 155 pp. A Publication of the Committee for National Security.

Written and pictorial evidence of U.S.-Soviet relations over the years, showing perceptions and misperceptions on both sides. Some oversimplification of history and of the issues is inevitable in a work of this kind, but in this case it is not fatal. Produced with the advice of a panel of well-known American specialists on Soviet affairs, it may well serve its intended purpose of public education and increased understanding if readers can make their way through the maze of lists, dates, pictures, cartoons, reprinted articles, excerpts and explanatory text.

PRAVDA: INSIDE THE SOVIET NEWS MACHINE. By Angus Roxburgh. New York: Braziller, 1987, 280 pp. $19.95.

A brief history of the official Communist Party newspaper and description of its role in the governmental system, followed by selections from recent issues as examples of purpose, style and format. There is little new here for those cognizant of the function of the Soviet press, but the general reader will find it interesting.

WILL THE NON-RUSSIANS REBEL?: STATE, ETHNICITY, AND STABILITY IN THE USSR. By Alexander J. Motyl. Ithaca (N.Y.): Cornell University Press, 1987, 188 pp. $24.95.

The author's answer to the question posed in the title is no. The Ukrainians, Balts, Central Asian Muslims and others will not rebel, partly because they have found satisfactions and rewards within the system, even though the state is definitely Russian-dominated, but above all because of the KGB and the regime's mechanisms of control. Taking the Ukraine as the only real possibility for revolt, Motyl demonstrates that even there the necessary basis either in organized internal opposition or in outside influence is lacking. The case is well argued and convincing, but it is only fair to add that other observers take a different view and no one can be sure of the answer to the question in the long term.

THE BEST SONS OF THE FATHERLAND: WORKERS IN THE VANGUARD OF SOVIET COLLECTIVIZATION. By Lynne Viola. New York: Oxford, 1987, 285 pp. $29.95.

The vanguard was the group of some 25,000 urban workers sent out into the countryside as pioneers in 1930–31 to help put through the drive

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to collectivize the farms and eliminate the kulaks. They acted as cheerleaders, party activists, organizers and local officials. Their record was more of failure than success for reasons related less to the participants themselves than to the chaos and peasant resistance that marked the early phase of Stalin's campaign. This excellent monograph tells the story so well because the author, a young American historian, was able to gain access to Soviet governmental archives containing a wealth of first-hand material.

"THEM": STALIN'S POLISH PUPPETS. By Teresa Toranska. New York: Harper & Row, 1987, 384 pp. $22.95.

This book, which could not be published in Poland (except in samizdat), contains interviews conducted in 1981–1984 with five formerly prominent Polish Communists (Ochab, Berman, Werfel, Staszewski, Julia Minc) who had leading roles in the Stalinist system in Poland in the years 1944–1956. Their frank statements and recollections, under the sharp questioning of a talented journalist, are remarkably revealing both of their mentality as loyal Stalinists (still loyal, for the most part, despite all the subsequent events) and of the political issues and struggles of that time, including the dramatic events of 1956.

POLAND, THE UNITED STATES AND THE STABILIZATION OF EUROPE, 1919–1933. By Neal Pease. New York: Oxford, 1986, 238 pp.

Polish governments in the 1920s tried hard to interest the United States in their financial woes and in the security of their country's troubled frontiers, but without notable success. Accordingly, the story of bilateral relations, although well told in this scholarly monograph, is some ado about not very much.

DE BÉLA KUN À JÁNOS KÁDÁR: SOIXANTE-DIX ANS DE COMMUNISME HONGROIS. By Miklós Molnár. Paris: Presses de la Fondation Nationale des Sciences Politiques, 1987, 335 pp. Fr. 180.

Because he has known Communist Party politics at first hand, and even more because he has done such a thorough job of research, Miklós Molnár has succeeded in writing an excellent history of Hungarian communism. It is especially good on the interwar period when the party was "in the desert," being destroyed by its own conflicts and by Stalinist terror, and on the process of the conquest of power after World War II. Areas of obscurity in the 70-year span remain, but the recent work of Molnár—like that of American scholars such as Charles Gati, Rudolf Tökes and Bennett Kovrig—has greatly reduced them.

YUGOSLAV SOCIALISM: THEORY AND PRACTICE. By Harold Lydall. New York: Clarendon Press/Oxford, 1986, 302 pp.

The Yugoslav experiment in self-managing socialism has attracted considerable attention among outsiders, who have generally tended to dispense praise and blame according to their own ideological predispositions. Harold Lydall, however, is not content with theories. The meat of his book, which is an excellent survey of the Yugoslav economy, is the careful, objective analysis of how it all works in practice. Much of the practice, he finds, exposes "workers' self-management" as a propaganda facade. The reform of the Stalinist system has brought more freedom, more scope for the market, and a continuing competition between the industrial managers and

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the party; it has not brought workers' control, and the one-party political monopoly remains.

The Middle East

John C. Campbell

THE LIFE AND TIMES OF MENACHEM BEGIN. By Amos Perlmutter. New York: Doubleday, 1987, 444 pp. $21.95.
BEGIN'S FOREIGN POLICY, 1977–1983. By Ilan Peleg. Westport (Conn.): Greenwood Press, 1987, 227 pp. $35.00.

Perlmutter's is not an authorized biography of Begin; neither is it a debunking operation. He does an extraordinary job of working his way through all the myths, positive and negative, to find the facts about Begin's career and to present a consistent picture of his achievements and his character, with its stubborn determination and its flaws evident in his youth in Poland as in his later roles as fiery revolutionary, parliamentarian in opposition, and finally prime minister of Israel. That he disappeared from public life after the disaster of the war in Lebanon should be no surprise for readers of this perceptive work. Peleg's book, a competent work of research and interviewing, is, by comparison, lacking in depth even in the chosen period it covers, the years in power. But it is certainly on target in stressing Begin's "neo-revisionism" and the annexationist theme in his foreign policy, as well as the body politic's turn to the right that put and kept him in power. Peleg, incidentally, is almost totally negative about Begin; his sympathies clearly lie with traditional Labor Zionism.

A HISTORY OF ISRAEL. VOL. II: FROM THE AFTERMATH OF THE YOM KIPPUR WAR. By Howard M. Sachar. New York: Oxford, 1987, 319 pp. $19.95.

Some will question whether to write of contemporary times, in this case the past decade, is to write "history," given the lack of full information and the perspective which time presumably provides. Israel, however, is an open society in which not many relevant facts remain secret, and Sachar, an American historian, has been able to add a very solid supplement to his first volume (noted in *Foreign Affairs*, January 1977). He exhibits a mastery of the available material, although fellow scholars will regret his decision to omit the historian's usual array of footnotes. The viewpoint is sympathetic to Israel but often critical of particular individuals and policies. The coverage is heavy on foreign policy, where the story is fairly well known from other published works; it is light on internal affairs.

SANDS OF SORROW: ISRAEL'S JOURNEY FROM INDEPENDENCE. By Milton Viorst. New York: Harper & Row, 1987, 328 pp. $19.95.

An American journalist's view of Israel's stormy experience on the world stage, the struggle with the Arabs, and especially relations with the United States. It is quite general, sketchy on some aspects while bearing down hard on others. Inevitably subjective, it is nonetheless remarkably perceptive, honest, well written and understanding of the views and motives of all parties concerned. Viorst deplores the decline of the earlier Zionism which has faded, notably since the 1967 war, as Israel has become an aggressive regional superpower. For Israel's unwillingness to negotiate—with the PLO

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as well as with Arab states—he finds many to blame, in America as well as in Israel.

THE ISRAELI CONNECTION: WHO ISRAEL ARMS AND WHY. By Benjamin Beit-Hallahmi. New York: Pantheon, 1987, 289 pp. $18.95.

An indictment of what an Israeli citizen sees as Israel's unending war with the Third World as arms supplier to the forces of colonialism and reaction and ally of other "pariah states," especially South Africa. This is no aberration, he argues, for it follows from the very nature of Zionism and of Israel as a settler state, which tends to see such a policy as the only way to survive. The story is pieced together from many scattered items and news reports, the reliability of some of which may be suspect, and the interpretations may be overdrawn. But the author is convinced that the classified material, if available, would prove he has erred only in being overcautious. The book is indeed strong medicine, and many friends of Israel will not like it, but the arguments and facts adduced cannot be dismissed out of hand.

THROUGH DIFFERENT EYES. By Hyman Bookbinder and James G. Abourezk. Washington: Adler & Adler, 1987, 300 pp. $18.95.

Mr. Bookbinder represents the American Jewish Committee; former Senator Abourezk is chairman of the American Arab Anti-Discrimination Committee. Their debate consists of long opening statements, followed by rebuttals and then a face-to-face exchange. Given the differences between them, which grow sharper as the debate goes on, there is no common ground whatever as to what U.S. policy in the Middle East should be. If the book serves a purpose, it is to show that American citizens committed to one side or the other in the Arab-Israeli conflict are as irreconcilable as the protagonists themselves.

GUERRES SECRÈTES AU LIBAN. By Annie Laurent and Antoine Basbous. Paris: Gallimard, 1987, 370 pp. Fr. 95.

Two accomplished scholars, French and Lebanese, describe what has happened to that pre-1975 Lebanon which once was the Arab world's freest society and window on the West. They do not mince words in projecting the thesis that Lebanon has been destroyed by those who have used it to play their own games: the PLO, Syria, Israel and Iran—as well as those traditional friends (other Arab states, France, America) whose indifference or fears or stupidities led them to abandon the country to its fate.

SOVIET-AMERICAN RELATIONS WITH PAKISTAN, IRAN AND AFGHANISTAN. Edited by Hafeez Malik. New York: St. Martin's, 1987, 431 pp. $37.50.

Looked at from 19 different angles by as many expert authors, the problems of these three countries of the Persian Gulf region in relations with each other and with the two superpowers appear in all their complexity, and inevitably with some repetition. Even the seasoned observer will find something new here, and will also find stimulus to thought and debate, for each author is on his own and not reined in by any overall framework or editor's hand. Perhaps surprisingly, the treatment of U.S. policy is rather less full and coherent than that of Soviet policy, although the one chapter contributed by Soviet scholars is boilerplate.

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TURKEY: AMERICA'S FORGOTTEN ALLY. By Dankwart A. Rustow. New York: Council on Foreign Relations, 1987, 155 pp. $14.95.

In relatively few pages a veteran authority on Turkey introduces Western readers to its changing society, its economy, and especially its politics. He is quite bullish on the prospects for democracy following the latest episode of military rule, and he continually reminds us of Turkey's importance as a Western ally. Rustow may overdo the forgotten-ally theme, but in any event his book is a good guide to the understanding of future problems certain to arise in Turkey's relations with the West, the U.S.S.R. and other countries in the Middle East.

IRAN AND THE WEST: A CRITICAL BIBLIOGRAPHY. By Cyrus Ghani. London and New York: Routledge & Kegan Paul, 1987, 967 pp. $85.00.

This weighty bibliography, including everything from multivolume histories to newspaper articles, lists over 4,000 publications in Western languages dealing with (or having some connection with) the history, politics, economy, culture, literature and art of Iran. It has obvious value as a work of reference, but is notable for the comments—often biting—that accompany each item.

Asia and the Pacific

Donald S. Zagoria

WALTZING WITH A DICTATOR: THE MARCOSES AND THE MAKING OF AMERICAN POLICY. By Raymond Bonner. New York: Times Books, 1987, 533 pp. $19.95.

REBUILDING A NATION: PHILIPPINE CHALLENGES AND AMERICAN POLICY. Edited by Carl H. Landé. Washington: Washington Institute Press, 1987, 592 pp. $37.95 (paper, $22.95).

At the descriptive level, Bonner's book is a richly detailed account of U.S. policy toward the Philippines after Marcos declared martial law in 1972. (The author bases his account on more than 3,200 previously classified documents and interviews with some 70 U.S. officials.) At an analytical level, however, the book is disappointing. There is no serious discussion of U.S. strategic interest in the Philippine bases in the light of Soviet-American rivalry in the Pacific, the Vietnamese invasion of Kampuchea or the Soviet presence in Cam Ranh Bay. Bonner neglects the fact that in the early years of martial law Marcos had a genuinely reformist appeal. Finally, there is little recognition of the dilemmas faced by policymakers in dealing with friendly autocrats in countries where the U.S. has substantial security interests. Landé's volume is a collection of essays by former government officials and academics, and it ranges much more broadly over the issues. By far the most penetrating analysis is William Overholt's essay on the decline of Marcos and the problems facing President Aquino. Overholt concludes that Aquino has a window of opportunity to organize a civilian political base and adopt the needed economic reforms, but he cautions that the window is small and that she has not yet moved decisively toward it.

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THE PHILIPPINE STATE AND THE MARCOS REGIME: THE POLITICS OF EXPORT. By Gary Hawes. Ithaca (N.Y.): Cornell University Press, 1987, 196 pp. $25.00.

This is an effort to trace the convoluted interplay of political, economic and social factors in the postwar history of the Philippines. There are case studies of the sugar, coconut and fruit-products industries and interesting discussions of how Marcos gained and lost the support of the International Monetary Fund and World Bank; how he weakened the landowning groups; how he used state enterprises for private gain; why the Philippines is not like Korea and Taiwan, and more. But somehow it all does not quite come together. —William Diebold, Jr.

CHINA'S ENTRY INTO THE WORLD ECONOMY. By Nicholas R. Lardy. Washington: University Press of America/New York: The Asia Society, 1987, 57 pp.

A leading American specialist on the Chinese economy assesses the dramatic economic reforms in post-Mao China and their implications for U.S. policy in the region. He concludes that China's new trade and investment policies have led to increased regional economic integration in Northeast Asia and have contributed to the overall economic dynamism of the Pacific region. But he is doubtful that China will be able to continue its rapid growth of trade without a more far-reaching reform in industry. And he also believes it unlikely that China's rapidly growing trade with Taiwan, South Korea and the Soviet Union can be sustained without some progress in resolving political differences.

TRILATERALISM IN ASIA. Edited by K. S. Nathan and M. Pathmanathan. Kuala Lumpur: Antara, 1986, 205 pp. (Honolulu: University of Hawaii Press, distributor, $18.00; paper, $12.00.)

The Malaysian International Affairs Forum and the department of history at the University of Malaya have launched a series of seminars on U.S.-Japan-ASEAN relations in order to supplement the official dialogue. There is an excellent chapter on U.S.-ASEAN relations by Hans Indorf, a penetrating assessment by Sukhumbhand Paribatra of Thailand's perception of security, and a first-class chapter by K. S. Nathan on the evolution of U.S.-Soviet rivalry in Asia. The editors conclude with a cogent plea for closer interaction among the three major political actors in Pacific Asia.

POLITICS AND POLICIES IN DIVIDED KOREA: REGIMES IN CONTEST. By Young Whan Kihl. Boulder (Colo.): Westview Press, 1987, 307 pp.

This much-praised study compares the political systems of North and South Korea and presents a useful summary of developments in the two Koreas up to about mid-1983. The strength of the book is in its skillful use of the comparative perspective which allows the author to place the political systems of the two Koreas into a larger framework. Its weakness lies in overstressing the authoritarian tradition common to both Koreas and understressing the structural differences. Thus the author's concluding judgment—that "a new tradition of totalitarian policies is about to take root in the soil of Korea"—may turn out to be quite wrong.

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LIFE AND DEATH IN SHANGHAI. By Nien Cheng. New York: Grove Press, 1987, 547 pp. $19.95.

A gripping tale of one woman's struggle for dignity, indeed survival, amid the totalitarian excesses of the Cultural Revolution. Arrested in the summer of 1966, Cheng was held in solitary confinement for six and a half years on suspicion of espionage and treason. Her real crimes were her class background and a zest for life. Cheng's remarkable memory and political sense—although her only reading materials were the *Shanghai Liberation Daily* and Mao's collected works, she skillfully read between the lines and watched her guards to collect clues to the political winds blowing outside—enrich her account of those years that have remained so hidden from Western eyes. But it is the simple story of her will to survive that is so astonishing. —Sara Robertson

"READING THE WIND": THE LITERATURE OF THE VIETNAM WAR. By Timothy J. Lomperis. Durham (N.C.): Duke University Press, 2987, 174 pp.

In May 1985 approximately 70 writers, publishers, editors and teachers—most of them Vietnam veterans of one sort or another—assembled at The Asia Society in New York to ask how American literature on the war has affected American perceptions of Vietnam, as well as policy. The participants' highly charged but rather inconclusive debates about the war echo our society's ongoing struggle with its meaning, but their discussions of some of the artistic issues raised are more successful. Lomperis, a professor of political science at Duke, provides a lively report of the gathering. John Clark Pratt, an English professor at Colorado State, contributes a very useful bibliographical overview of the literature, from Graham Greene's *The Quiet American* to Joe Klein's *Payback: Five Marines After Vietnam*. —Sara Robertson

Africa

Jennifer Seymour Whitaker

AFRICA TOMORROW. By Edem Kodjo. New York: Continuum, 1987, 301 pp. $22.50.

The former secretary general of the Organization of African Unity (who was finance minister and foreign minister of Togo) meditates here on Africa's prospects, drawing on analogies from European history. Visionary but realistic, he makes an impassioned plea for breaking down the sovereign borders established at the Congress of Berlin and the formation of a new order in Africa utilizing Western technology and traditional culture. Looking at the evolution of civilizations throughout history, he also calls for expanding populations and the acquisition of continental military, including nuclear, power.

JONAS SAVIMBI: A KEY TO AFRICA. By Fred Bridgland. New York: Paragon House, 1987, 512 pp. $18.95.

In this often gripping historical narrative of Savimbi's decade-long struggle against Angola's MPLA government, the UNITA leader emerges as a contemporary hero—brave, effective, larger than life. Attempting objectivity in his account of the civil war's major events, the author, a British

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journalist, appears nonetheless to rely on material largely from one source, and, consequently, to scant the issue of Savimbi's South African connection. What the war means in waste of life and of a nation's bounty gets lost in episodes of conflict and exploits of the insurgent commander. What does come through strongly is Bridgland's conviction of the loss to Angola of the leadership that could be provided by the Savimbi he sees.

DESTRUCTIVE ENGAGEMENT: SOUTHERN AFRICA AT WAR. Edited by Phyllis Johnson and David Martin. Harare: Zimbabwe Publishing House for the Southern African Research and Documentation Centre, 1986, 378 pp. $12.50 (paper).

In this collection, a group of southern African insiders again seem to rely on a narrow range of sources as they tell the other side of the story. The authors, who include a member of the staff of Angola's president and the information officer of SWAPO's London office, depict a conspiratorial underside to the conflicts emanating from South Africa, originating largely in clandestine actions of the Republic but also involving Western collusion. Leaving out a good deal but also marshaling information that has seldom received any significant attention outside the countries involved, they make strong, if one-sided, cases for the actions and reactions of Mozambique, Zimbabwe and Angola against South African-supported destabilization. Particularly telling is the depiction of the murky origins and brutal operating style of the Mozambique National Resistance; less so a story of Zimbabwe's internal troubles which virtually ignores government excesses and alleged atrocities.

ACCELERATING FOOD PRODUCTION IN SUB-SAHARAN AFRICA. Edited by John W. Mellor, Christopher L. Delgado and Malcolm J. Blackie. Baltimore: Johns Hopkins, 1987, 417 pp.

In this exhaustive compendium, a number of the foremost authorities on agriculture in Africa, many of them African, sum up current understanding of a complex and relatively inexact science. Focusing broadly on the dimensions of the problem—the state of available technology, marketing and support systems, government and donor policies—the varied voices of 42 contributors leave one strong impression: no single means will suffice to spur Africa's flagging farm productivity—infrastructure, research, training, management and incentives are all essential.

SOUTH AFRICA: A DIFFERENT KIND OF WAR. By Julie Frederikse. Boston: Beacon Press, 1986, 192 pp. $12.95 (paper).

In this visual history of South Africa (from 1976 to the present), the southern Africa correspondent for National Public Radio's "All Things Considered" has created a documentary form that combines the reflective depth of print with the swift movement and pictorial variety of film. Her montage combines interviews with marginal frames featuring newspaper clippings, ads, transcripts of political events and documents, protest songs and student writings—all woven into a moving narrative panorama of South Africa's struggle for and against its future.

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SOURCE MATERIAL

Edited by Janis A. Kreslins

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